

Gregorio Gomez, Mayor
Rosa Vasquez, Mayor Pro Tem
Paul Boyer, Council Member
Ruben Macareno, Council Member
Tina Hernandez, Council Member

Farmersville City Council Regular Meeting

Monday, February 24, 2020 6:00 PM
Meeting held in Civic Center Council Chambers
– 909 W. Visalia Road Farmersville, California

1. **Call to Order:**
2. **Roll Call:**
3. **Invocation:**
4. **Pledge of Allegiance:**
5. **Public Comment:**

Provides an opportunity for members of the public to address the City Council on items of interest to the public within the Council's jurisdiction and which are not already on the agenda this evening. It is the policy of the Council not to answer questions impromptu. Concerns or complaints will be referred to the City Manager's office. Speakers should limit their comments to not more than two (2) minutes. No more than twenty (20) total minutes will be allowed for Public Comment. For items which are on the agenda this evening, members of the public will be provided an opportunity to address the council as each item is brought up for discussion. Comments are to be addressed to the Council as a body and not to any individual Council Member.

6. **Presentations:**
7. **Consent Agenda:**

Under a CONSENT AGENDA category, a recommended course of action for each item is made. Any Council Member or Member of the Public may remove any item from the CONSENT AGENDA in order to discuss and/or change the recommended course of action, and the Council can approve the remainder of the CONSENT AGENDA.

A. Minutes of Regular City Council Meeting of February 10, 2020.

Recommend approval of minutes.

Documents: Draft Action Minutes of February 10, 2020.

B. Request by Farmersville Elite Soccer Club for Facility Fee Waiver and Presence of Attendant

Recommend that the City Council approve the waiving of the rental fees for the Community Center and waive the presence of a Boys & Girls Club Attendant.

C. Request by Applicant for Special Event Funding

Recommend that the City Council approve funding for Tulare Kings Hispanic Chamber Dia de los Ninos Community Health Fair in the amount of \$900.

D. Authorize the Mayor to sign the Subaward Agreement Regarding FY 2019 State Homeland Security Grant Programs

Recommend that the City Council authorize the Mayor to sign the Subaward Agreement Regarding FY 2019 State Homeland Security Grant Programs.

Documents: Sub-Award Agreement
Award Letter

E. First Amendment to County Library Lease Agreement

Recommend that the City Council approve the First Amendment to Lease Agreement for Property Located at 623 N. Avery, Farmersville.

Documents: Lease Agreement
First Amendment

F. Authorize purchase of Street Right-of-Way from Mark P. Dunn in the amount of \$5,600 and approve Right of Way Agreement; and accept Grant Deed and authorize to execute Deed Certification.

Recommend that the City Council:

- 1) Authorize the purchase of street right-of-way on Road 164 from Mark P. Dunn, Trustee of the 2019 Mark P. Dunn Separate Property Trust located as shown on the attached map in the amount of \$18,900; and
- 2) Accept the attached Grant Deed for street right-of-way purposes from Mark P. Dunn, Trustee of the 2019 Mark P. Dunn Separate Property Trust and authorize to execute and the City Clerk to attest and record said deed; and
- 3) Approve the attached Right of Way Agreement.

Documents: Grant Deed APN 128-280-003
Right of Way Agreement

8. General Business

A. Consider Adoption of Procurement Policy for the City of Farmersville by Resolution 2020-003 and Waive Second Reading and Adopt Ordinance 499

Recommend that the City Council adopt the new Procurement Policy for the City of Farmersville by Resolution 2020-003; and waive the second

reading of Ordinance 499 which will update Chapter 3.16 "Purchases", of the Farmersville Municipal Code.

Documents:

1. Resolution 2020-003
2. City of Farmersville Procurement Policy (updated February 2020)
3. Ordinance 499 Amending Chapter 3.16 PURCHASES of the City of Farmersville Municipal Code

B. Deny claim for damages and direct City Clerk to send out notification of such to Terrie Meurer.

Recommend that the City Council denies the claim for damages and direct the City Clerk to send out notification of such to the claimant.

9. Council Reports

A. City Council Updates and Committee Reports

10. Staff Communications:

11. Future Agenda Items

1. Review and adopt Master Fee Schedule – FY 2019/20
2. Development Impact Fee Study - FY 2019/20
3. Joint Meeting with Farmersville Unified School District – TBD
4. Discuss Groundwater Recharge Projects
5. Farmersville 60th Anniversary Celebration
6. Discuss Street Sweeping & Parking Violations

12. Adjourn to Closed Session:

A. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to Government Code Section 54956.9(d)(1)

Case Name: Carrie Ortiz v. City of Farmersville

Case Number: Tulare County Case No. 058188

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Pursuant to Government Code Section 54956.9(d)(2)

Number of Potential Cases - 1

C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 1877 N. Farmersville Blvd.

Agency Negotiators: Jennifer Gomez and Michael Schulte

Negotiating Parties: Rick Osborn, Brent Baker, and Kristi Baker
Under Negotiation: Terms and Price

Property: 318 N. Farmersville Blvd.
Agency Negotiators: Jennifer Gomez and Michael Schulte
Negotiating Parties: Jeffrey Stone
Under Negotiation: Terms and Price

Property: 330 N. Farmersville Blvd.
Agency Negotiators: Jennifer Gomez and Michael Schulte
Negotiating Parties: Tiburco Cortez
Under Negotiation: Terms and Price

- 13. Reconvene to Open Session:**
- 14. Closed Session Report (if any):**
- 15. Adjournment:**

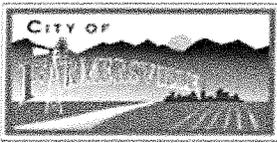
NOTICE TO PUBLIC

The City of Farmersville Civic Center and City Council Chambers comply with the provisions of the Americans with Disabilities Act (ADA). Anyone needing special assistance please contact City Hall at (559) 747-0458 please allow at least six (6) hours prior to the meeting so that staff may make arrangements to accommodate you.

Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City's offices during normal business hours.

Drafted by: J. Gomez

Strong Roots.....Growing Possibilities



Gregorio Gomez, Mayor
Rosa Vasquez, Mayor Pro Tem
Paul Boyer, Council Member
Ruben Macareno, Council Member
Tina Hernandez, Council Member

Farmersville City Council Regular Meeting

Monday, February 10, 2020 6:00 PM
Meeting held in Civic Center Council Chambers
– 909 W. Visalia Road Farmersville, California

1. **Call to Order:** 6:00pm
2. **Roll Call:** Gomez, Vasquez, Boyer, Hernandez, Macareno
3. **Invocation:** Mayor Gomez
4. **Pledge of Allegiance:** Mayor Pro Tem Vasquez
5. **Public Comment:**

Al Vanderslice, resident of Farmersville addressed council regarding street sweeper and noise ordinance.

Mark Deluca and Carrie Ortiz, residents of Farmersville addressed council regarding the property at 880 N Brundage, Farmersville.

Provides an opportunity for members of the public to address the City Council on items of interest to the public within the Council's jurisdiction and which are not already on the agenda this evening. It is the policy of the Council not to answer questions impromptu. Concerns or complaints will be referred to the City Manager's office. Speakers should limit their comments to not more than two (2) minutes. No more than twenty (20) total minutes will be allowed for Public Comment. For items which are on the agenda this evening, members of the public will be provided an opportunity to address the council as each item is brought up for discussion. Comments are to be addressed to the Council as a body and not to any individual Council Member.

6. **Presentations:** none

7. **Consent Agenda:**

Under a CONSENT AGENDA category, a recommended course of action for each item is made. Any Council Member or Member of the Public may remove any item from the CONSENT AGENDA in order to discuss and/or change the recommended course of action, and the Council can approve the remainder of the CONSENT AGENDA.

A. Minutes of Regular City Council Meeting of January 27, 2020.

Recommend approval of minutes.

Documents: Draft Action Minutes of January 27, 2020.

B. Consideration of Warrant Register for January 2020

Recommend approval of Warrant Registers for January 2020.

Documents: January 2020 Warrant Register

Motion to approve items A and B.

Councilmember Boyer abstained from any warrants regarding Self Help Enterprises.

Result: Approved
Mover: Councilmember Boyer
Seconder: Councilmember Hernandez
Ayes: Gomez, Vasquez, Boyer, Hernandez, Macareno
Noes:
Abstain:
Absent :

8. General Business

A. Consider Adoption of Procurement Policy for the City of Farmersville by Resolution 2020-003 and First Reading of Ordinance 499

Recommend that the City Council adopt the new Procurement Policy for the City of Farmersville by Resolution 2020-003; and waive the first reading of Ordinance 499 which will update Chapter 3.16 "Purchases", of the Farmersville Municipal Code.

Documents:

1. Resolution 2020-003
2. City of Farmersville Procurement Policy (updated February 2020)
3. Ordinance 499 Amending Chapter 3.16 PURCHASES of the City of Farmersville Municipal Code

Steve Huntley- Director of Finance and Administration gave a presentation on the proposed Procurement Policy.

Council Member Macareno would like to have a Travel Policy. Also, would like a Policy on Purchasing meals for business meetings.

Council Member Boyer would like to change the Informal Bid amounts for council to approve, instead of the city manager. He would also like to change the authorization for Outside Legal Service amount from \$100,000 to \$50,000.

Mayor Gomez would like the policy to promote and support to buy local.

Mr. Huntley will revise the policy and bring it back at the next meeting to approve the resolution.

Motion to introduce and waive the first reading of Ordinance 499.

Result: Approved
Mover: Councilmember Boyer
Second: Mayor Pro Tem Vasquez
Ayes: Gomez, Vasquez, Boyer, Hernandez
Noes: Macareno
Abstain:
Absent :

B. Consider Approving Resolution 2020-005 adopting Mid-Year Budget Amendment for Fiscal Year 2019-2020

Recommend that the City Council approve Resolution 2020-005 adopting the Mid-Year Budget Amendment for Fiscal Year 2019-2020.

Documents:

1. Resolution 2020-005
2. City of Farmersville FY 2020 Budget Amendment Journal
3. City of Farmersville Budget Document for the Year Ended June 30, 2020

Steve Huntley Director of Finance and Administration gave presentation on Mid-Year Budget.

Council Member Boyer questioned the Investments made.

Mayor Gomez questioned the Refuse Fees.

Motion to approve as presented.

Result: Approval
Mover: Councilmember Macareno
Second: Mayor Pro Tem Vasquez
Ayes: Gomez, Vasquez, Boyer, Hernandez, Macareno
Noes:
Abstain:
Absent :

C. Consider Adoption of Update Salary Schedule for Fiscal Year 2019-2020 of the City of Farmersville by Resolution 2020-004

Recommend that the City Council Adopt the updated Salary Schedule for Fiscal Year 2019-2020 of the City of Farmersville by Resolution 2020-004.

Documents:

1. Development Coordinator job description
2. Updated Salary Schedule
3. Resolution 2020-004

Steve Huntley- Director of Finance and Administration gave report on updated Salary Schedule.

Motion to approve as presented.

Result: Approved
Mover: Councilmember Boyer
Secunder: Mayor Gomez
Ayes: Gomez, Vasquez, Boyer, Hernandez, Macareno
Noes:
Abstain:
Absent :

D. Consideration of Bids for Deep Creek Restoration Project, Phase I

Recommend that the City Council authorize staff to reject bids, modify Bid Documents, and re-advertise for bids for construction of the City of Farmersville's Deep Creek Restoration Project, Phase I.

Lisa Wallis-Dutra with QK gave report regarding bids for Deep Creek Restoration Project.

Motion to approve as presented.

Result: Approved
Mover: Councilmember Boyer
Secunder: Mayor Pro Tem Vasquez
Ayes: Gomez, Vasquez, Boyer, Hernandez, Macareno
Noes:
Abstain:
Absent :

9. Council Reports

A. City Council Updates and Committee Reports

Council Member Macareno thanked Public Works for removing graffiti in a timely manner. He has been speaking to businesses about a Chamber of Commerce.

Council Member Boyer inquired about putting TOT on the November Ballot. He also expressed the desire to beautify the downtown.

Mayor Gomez inquired about a possible ordinance regarding vehicles being moved for the Street Sweeper. He would like a Salary Study done regarding our Police Department.

10. Staff Communications:

City Manager Jennifer Gomez attended a workshop with Chief Krstic which was very good. She also went to a conference for City Managers and there was a great session discussing homelessness. The Standard Agreement has been signed regarding the Sequoia Gateway Project and we can start working on a design. Ms. Gomez discussed the solar project with the Department of Water Resources. She had a recent meeting with the school district regarding a Summer Swim Program. A rough amount they would like the City to contribute is \$16,000.

Finance & Administration Director Steve Huntley commented on the first quarter Cannabis Tax payment which was around \$122,000.

11. Future Agenda Items

1. Review and adopt Master Fee Schedule – FY 2019/20
2. Development Impact Fee Study - FY 2019/20
3. Joint Meeting with Farmersville Unified School District – TBD
4. Discuss Groundwater Recharge Projects
5. Farmersville 60th Anniversary Celebration
6. Discuss Street Sweeping & Parking Violations

12. Adjourn to Closed Session:

Mayor Gomez adjourned to closed session at 8:25pm

A. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Pursuant to Government Code Section 54956.8

Property: 318 N. Farmersville Blvd.

Agency Negotiators: Jennifer Gomez and Michael Schulte

Negotiating Parties: Jeffrey Stoney

Under Negotiation: Terms and Price

Property: 330 N. Farmersville Blvd.

Agency Negotiators: Jennifer Gomez and Michael Schulte

Negotiating Parties: Tiburco Cortez

Under Negotiation: Terms and Price

13. Reconvene to Open Session:

Mayor Gomez reconvened at 8:36pm.

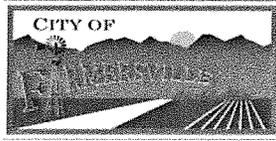
14. Closed Session Report (if any): *There was nothing to report.*

15. Adjournment:

Mayor Gomez adjourned the meeting at 8:36pm.

Respectfully submitted,

Rochelle Giovani
City Clerk



City Council

Staff Report 7B

TO: Honorable Mayor and City Council

FROM: Jennifer Gomez, City Manager

DATE: February 24, 2020

SUBJECT: Request by Farmersville Elite Soccer Club for Facility Fee Waiver and Presence of Attendant

RECOMMENDED ACTION:

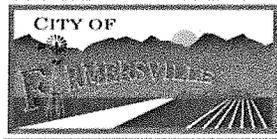
Recommend that the City Council approve the waiving of the rental fees for the Community Center and waive the presence of a Boys & Girls Club Attendant.

BACKGROUND and DISCUSSION:

This request is for in-kind assistance by waiving the rental fees at the Community Center and to waive the presence of an Attendant. This request is by Farmersville Elite Soccer Club for indoor soccer which is scheduled for April 2nd through August 27th on Tuesdays and Thursdays from 6:00 pm to 8:00 pm.

FISCAL IMPACT:

There will be no financial impact to the City.



City Council

Staff Report 7C

TO: Honorable Mayor and City Council

FROM: Jennifer Gomez, City Manager

DATE: February 24, 2020

SUBJECT: Request by Applicant for Special Event and Recreation Funding

RECOMMENDED ACTION:

That the City Council, by motion, approve funding for Tulare Kings Hispanic Chamber Dia de los Ninos Community Health Fair in the amount of \$900.

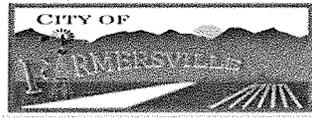
BACKGROUND and DISCUSSION:

The City Council established an annual grant program in which funds may be awarded to each applicant. This request is in the amount of \$900.00 to help pay for their projected expenses.

Mayor Gomez and Mayor Pro Tem Vasquez have reviewed the application and recommends that the City Council approve the request.

FISCAL IMPACT:

If this application is approved, there will be a balance of \$4,201.00 in the Special Event Budget for Fiscal Year 2020.



City Council

Staff Report *Consent Item 7D*

TO: Honorable Mayor and City Council

FROM: Mario Krstic, Chief of Police

DATE: February 24, 2020

SUBJECT: Authorize the Mayor to sign the Subaward Agreement Regarding FY 2019 State Homeland Security Grant Programs

RECOMMENDED ACTION:

Authorize the Mayor to sign the Subaward Agreement Regarding FY 2019 State Homeland Security Grant Programs.

BACKGROUND:

The City of Farmersville Fire Department along with each department in Tulare County jointly submitted an application for 2019 Homeland Security Grant Program funds to purchase ballistic vests for fire personnel. This grant has been awarded and the equipment is to be purchased by Tulare County and then issued to participating agencies. Farmersville Fire Department would be issued twelve (12) sets ballistic vests for use by our personnel. The issuance of the equipment to Farmersville Fire Department requires entering into an agreement with Tulare County outlining the use, handling, and eventual disposition of this equipment.

DISCUSSION:

Through a collaborative effort the fire departments in Tulare County applied for and have been granted funding for the purchase of ballistic vests for use by fire personnel. The purpose of the ballistic vests is to better equip our fire personnel that may be responding to situations involving suspects with firearms such as active shooter incidents. The need to enter "warm zones" that carry potential risk of encountering armed subjects while trying to render aid to injured victims makes the need for this type of equipment necessary. The purchase and use of this equipment will provide an extra layer of personal protection of our fire personnel.

COORDINATION & REVIEW:

This item has been reviewed by the City Manager and the Director of Finance and Administration.

ALTERNATIVES:

None presented at this time.

FISCAL IMPACT:

The equipment will be purchased by Tulare County and will be issued to Farmersville Fire Department for its use as part of the Homeland Security Grant Program. There is no fiscal impact to the City of Farmersville.

CONCLUSION:

Staff requests that council authorize the signing of the Subaward Agreement Regarding FY 2019 State Homeland Security Grant Program.

ATTACHMENT(S):

- 1) Sub-Award Agreement
- 2) Award Letter

**Subaward Agreement Regarding FY 2019 State Homeland Security Grant Programs
Funding for Equipment, Planning, Administration, Training and Exercises**

THIS AGREEMENT is entered into by and between the County of Tulare (“COUNTY”) and City of Farmersville (“SUBRECIPIENT”), referred to individually herein as “Party” or collectively as “Parties,” on the following terms and conditions:

WHEREAS, the Fiscal Year 2019 (FY 2019) California State Homeland Security Grant Program (SHSGP) provides funding through Federal grants from the Department of Homeland Security to enhance the capabilities of state and local first responders by allowing the purchase of advanced types of equipment, as well as addressing other critical homeland security needs, including administration, planning, training, and exercise-related costs;

WHEREAS, COUNTY applied to the California Governor’s Office of Emergency Services (“CalOES”) for a FY 2019 SHSGP grant;

WHEREAS, as part of its grant application, COUNTY requested sufficient funds to support certain activity(ies) or program(s) planned by SUBRECIPIENT that may be eligible for SHSGP grant funds;

WHEREAS, COUNTY was awarded FY 2019 SHSGP grant funding; and COUNTY, upon recommendation of the local Approval Authority designated in the SHSGP Guidelines, determined to use some of this funding to purchase Firefighter Ballistics Protective Equipment (herein referred to as “Grant Subaward Equipment”), which COUNTY shall provide to SUBRECIPIENT to support SUBRECIPIENT’s eligible program(s) or activity(ies).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, COUNTY and SUBRECIPIENT hereby agree as follows:

1. GRANT SUBAWARD. Subject to the terms, conditions, and other limitations specified herein, COUNTY intends to subaward to SUBRECIPIENT equipment purchased with a portion of its FY 2019 SHSGP Grant for the following program and/or activity:

Department/Agency: Farmersville Fire Department

Program/Activity: (4) Firefighter Ballistics Protective Equipment

Details about the specific program or activity authorized, the grant subaward equipment to be provided for the specified program or activity shall be confirmed by subsequent award letter(s) from COUNTY (“Award Letter(s)”) in accordance with this Agreement. Award Letter(s) may include attachments, which are considered to be integral parts of the Award Letter(s). Upon receipt of grant subaward equipment, SUBRECIPIENT will be deemed to have accepted all of the terms and conditions specified in the Award Letter(s), including any applicable attachments.

COUNTY reserves the exclusive right to determine the method and timing of providing SUBRECIPIENT with grant subaward equipment. Furthermore, and in addition to all other rights provided to COUNTY under this Agreement or the law, COUNTY reserves the right to, issue revised Award Letter(s) to modify SUBRECIPIENT’s authorized program, activity, award amounts, equipment type, and/or performance periods, in accordance with the recommendations of the Local Approval

Authority, the changing needs of SUBRECIPIENT and/or the likelihood of SUBRECIPIENT utilizing the grant subaward equipment; however, such modifications will only be made after consultation with SUBRECIPIENT, and in accordance with the recommendations of the Local Approval Authority.

2. PERFORMANCE PERIOD. SUBRECIPIENT's Performance Period for all activities covered by the terms of this Agreement shall commence on October 1, 2019. Unless COUNTY specifies otherwise in SUBRECIPIENT's Award Letter(s), SUBRECIPIENT's Performance Period for all activities covered by the terms of this Agreement shall continue until whichever of the following dates or events occurs first: (i) April 30, 2021, or (ii) until otherwise terminated under the provisions of this Agreement. Only activities performed during the County-specified FY 2019 SHSGP Performance Period are eligible for funding/reimbursement pursuant to this Agreement.

3. GRANT REQUIREMENTS AND ASSURANCES. The SUBRECIPIENT hereby agrees to review, adhere to, and comply with applicable COUNTY, state, and federal grant award requirements. SUBRECIPIENT acknowledges that COUNTY was required to accept and agree to the CalOES Standard Assurances (attached as **Exhibit A**, and incorporated by reference herein), and that COUNTY may be required to impose some or all of these assurances on all of its subrecipients, at all levels. Accordingly, SUBRECIPIENT specifically accepts, agrees to, and will abide by the CalOES Standard Assurances, with the understanding that everywhere it references "Applicant" or "subrecipient" in Exhibit A shall be read to refer to SUBRECIPIENT. The CalOES Standard Assurances shall be binding on the SUBRECIPIENT, as well as its successors, transferees, contractors, consultants, etc. SUBRECIPIENT acknowledges that failure to comply with any of the assurances may result in suspension, termination, or reduction of grant funds.

Some of the requirements that SUBRECIPIENT hereby agrees to comply with appear in the following documents:

- (a) Applicable Federal Regulations, including: (i) Title 2, Part 200 of the Code of Federal Regulations (CFR) (which contains, among other items, Government cost principles, uniform administrative requirements and audit requirements for Federal grant programs), and (ii) updates issued by the Office of Management and Budget (OMB) on <http://www.whitehouse.gov/omb/>;
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) California Supplement to the NOFO; and
- (d) Federal and State Grant Program Guidelines.

By signing this Agreement, SUBRECIPIENT specifically makes the applicable certifications in Exhibit A, including the Lobbying and Political Activities and Debarment and Suspension Certifications (Paragraphs 3 and 4 of Exhibit A, respectively), as evidenced by the signature of SUBRECIPIENT's authorized agent.

4. FEDERALLY-FUNDED SERVICES. Because providing SUBRECIPIENT with grant subaward equipment involves the provision of federal funds to SUBRECIPIENT, the terms and conditions outlined and incorporated in **Exhibit B, "Federally-Funded Services,"** will apply to this Agreement, and are incorporated herein by reference.

5. DISPOSAL OR DISPOSITION OF PROPERTY. SUBRECIPIENT acknowledges that pursuant to 2 CFR section 200.316, any real property, equipment, and intangible property that are acquired or improved with any SHSGP award must be held in trust by SUBRECIPIENT as trustee for the beneficiaries

of the project or program under which the property was acquired or improved.

Furthermore, SUBRECIPIENT agrees that when the equipment or supplies acquired with funds from this subaward are no longer needed for the original activity or program, or for other SUBRECIPIENT activities supported by the Department of Homeland Security (DHS)/ Federal Emergency Management Agency (FEMA), SUBRECIPIENT must notify COUNTY to request instructions on proper disposition of the equipment or supplies. SUBRECIPIENT is not permitted to sell, assign, or otherwise transfer title to (or any other interest in) equipment or supplies purchased with SHSGP funds except as permitted by 2 CFR Part 200. Furthermore, SUBRECIPIENT must obtain the express written permission of COUNTY for disposition of property that may have a current per unit fair market value of \$5,000 or more. Though not exclusive or exhaustive, additional information regarding disposition of property acquired with SHSGP funds can be found at 2 CFR Part 200, sections 200.313 through 200.316.

6. SUBAWARDS AND CONTRACTS. “With the understanding that not all provisions may be applicable to subawardees, SUBRECIPIENT agrees to include all of the commitments specified in Exhibit A, and any other commitments or requirements included in this Agreement that expressly so designate, in the award documents it issues for all subawards at all tiers, including contracts under grants and cooperative agreements and subcontracts. SUBRECIPIENT further agrees that it will include the commitments in Exhibit A in all contracts paid for in full or part with FY 2019 SHSGP funds.”

7. DESIGNATED COUNTY AUTHORIZED AGENT. Only those individuals designated by resolution of the Tulare County Board of Supervisors as Authorized Agents for FY 2019 SHSGP (“COUNTY Authorized Agents”) are authorized to sign FY 2019 SHSGP Award Letters on behalf of COUNTY, or to suspend performance in accordance with Paragraph 16(d), below. All other notices from COUNTY may come from other COUNTY personnel.

8. PROOF OF SUBRECIPIENT AUTHORITY. Before this Agreement will be approved by COUNTY, SUBRECIPIENT must provide to COUNTY written authorization (in the form of a resolution, or some other format specifically authorized by COUNTY) from the city council, governing board, or authorized body in support of this project. This written authorization must specify that the SUBRECIPIENT and the city council, governing board, or authorized body agree:

- (a) Any liability arising out of performance of this Agreement shall be the responsibility of the SUBRECIPIENT and the city council, governing board, or authorized body;
- (b) Grant subaward equipment shall not be used to supplant expenditures controlled by the city council, governing board, or authorized body; and
- (c) The official executing this Agreement is, in fact, authorized to do so.

9. DISALLOWANCE AND OFFSET. If, pursuant to this Agreement, SUBRECIPIENT requests or receives equipment from COUNTY for programs, activities, or equipment, the reimbursement for which is later disallowed by the State of California or the United States Government, SUBRECIPIENT shall promptly return equipment to COUNTY upon COUNTY’s request. At its option, and to the fullest extent permitted by law, COUNTY may offset the amount disallowed from any payment due or to become due to SUBRECIPIENT under this Agreement or any other agreement between SUBRECIPIENT or COUNTY.

Furthermore, if any of COUNTY’s FY 2019 SHSGP grant funding is reduced, modified, or eliminated for any reason, COUNTY reserves the right to reduce, modify, or eliminate any or all of this FY 2019 SHSGP grant subaward equipment to SUBRECIPIENT. SUBRECIPIENT agrees to promptly return any

equipment requested by COUNTY in accordance with this provision. At its option, COUNTY may offset the amount to be returned by SUBRECIPIENT from any payment due or to become due to SUBRECIPIENT under this Agreement or any other agreement between SUBRECIPIENT and COUNTY.

10. MONITORING AND REPORTS. SUBRECIPIENT is responsible for oversight of the operations of the FY 2019 SHSGP supported activities. SUBRECIPIENT must monitor its activities to ensure compliance with applicable Federal requirements and achievement of specific performance expectations. SUBRECIPIENT's monitoring must cover each program, function or activity supported by FY 2019 SHSGP funding.

SUBRECIPIENT agrees to provide ongoing performance and financial reports regarding any and all of SUBRECIPIENT's programs and activities utilizing equipment purchased with FY 2019 SHSGP funding. At a minimum, these reports will be due on an annual basis, but COUNTY reserves the right to request more frequent reporting. Within 90 days of completion or termination of FY 2019 SHSGP funded subawards, SUBRECIPIENT is also expected to provide a final performance report in a format acceptable to COUNTY, State and the Federal government. SUBRECIPIENT will be notified of any additional required reports by separate Award Letter(s) or notice(s) from COUNTY.

11. MANDATORY DISCLOSURES. Pursuant to 2 CFR section 200.113, SUBRECIPIENT must disclose, in a timely manner, and in writing to COUNTY and ultimately to the federal awarding agency, all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting this subaward. Pursuant to the terms and conditions outlined in Appendix XII to 2 CFR Part 200 ("Award Term and Condition for Recipient Integrity and Performance Matters"), SUBRECIPIENT may also be also required to report certain civil, criminal, or administrative proceedings to SAM. Failure to make required disclosures can result in any of the remedies described in 2 CFR section 200.338, "Remedies for noncompliance," including suspension or debarment.

12. SUBMITTING FALSE CLAIMS. Under applicable federal and state law, if SUBRECIPIENT submits a false claim to COUNTY under this Agreement, then SUBRECIPIENT will be liable to COUNTY for the statutory penalties set forth in those statutes, including, but not limited to statutory fines, treble damages, costs, and attorneys' fees. SUBRECIPIENT will be deemed to have submitted a false claim to COUNTY if SUBRECIPIENT:

- (a) Knowingly presents or causes to be presented to COUNTY a false claim or request for payment or approval;
- (b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by COUNTY;
- (c) Conspires to defraud COUNTY, State, or the Federal Government by getting a false claim allowed or paid by COUNTY
- (d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to COUNTY;
or
- (e) Is a beneficiary of an inadvertent submission of a false claim to COUNTY, later discovers the falsity of the claim, and fails to disclose the false claim to COUNTY within a reasonable time after discovery of the false claim.

13. INSURANCE. SUBRECIPIENT certifies it is insured or self-insured for general liability exposures with limits of no less than \$1 million per occurrence. SUBRECIPIENT certifies it is insured or

self-insured for workers' compensation and maintains statutory limits. SUBRECIPIENT agrees that coverage limits specified within the Agreement will not be used to reduce limits of coverage from SUBRECIPIENT'S full policy limits. Insurance Policies will not be used to limit liability or to limit the indemnification provisions and requirements of this Agreement or act in any way to reduce available coverage and limits from the insurer. Failure to maintain or renew coverage may be a material breach of this Agreement.

14. LIABILITY OF COUNTY. COUNTY's obligations to SUBRECIPIENT for FY 2019 SHSGP funds are limited by all provisions and other requirements specified in this Agreement. Notwithstanding any other provision of this Agreement, in no event shall COUNTY be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect, or incidental damages arising out of or in connection with this Agreement, including, but not limited to, lost profits, equipment purchased, or activities performed in connection with this Agreement.

15. HOLD HARMLESS, INDEMNIFICATION, AND DEFENSE.

(a) To the fullest extent permitted by law, SUBRECIPIENT must indemnify, defend (at SUBRECIPIENT'S sole cost and expense and with legal counsel approved by COUNTY, which approval may not be unreasonably withheld), protect, and hold harmless COUNTY, all subsidiaries, divisions and affiliated agencies of COUNTY, and all of their representatives, partners, designees, officers, directors, employees, consultants, agents, successors and assigns, (each, an "Indemnified Party" and collectively, the "Indemnified Parties"), from and against all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional expert or consultants' fees and costs and COUNTY general and administrative expenses) of every kind and nature whatsoever (individually, a "Claim"; collectively, "Claims") which may arise out of, pertain to, or relate (directly or indirectly) to the negligence, recklessness, or misconduct of SUBRECIPIENT with respect to any activities and/or programs performed, training provided, or items purchased or used under or in relation to this Agreement (including, without limitation, the acts, errors, and/or omissions of SUBRECIPIENT, its principals, officers, agents, employees, vendors, suppliers, consultants, sub-consultants, contractors, anyone employed directly or indirectly by any of them, or for whose acts they may be liable, or any or all of them). SUBRECIPIENT'S obligation to indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an Indemnified Party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an Indemnified Party, then SUBRECIPIENT'S indemnification obligation shall be reduced in proportion to the established comparative liability.

(b) The duty to defend is a separate and distinct obligation from SUBRECIPIENT'S duty to indemnify. SUBRECIPIENT shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, the Indemnified Parties immediately upon tender to SUBRECIPIENT of the Claim in any form or at any stage of an action or proceeding, whether or not liability is established. Payment to SUBRECIPIENT by any Indemnified Party or the payment or advance of defense costs by any Indemnified Party cannot be a condition precedent to enforcing the Indemnified Party's rights to defense or indemnification under this Agreement. An allegation or determination that persons other than SUBRECIPIENT are responsible for the Claim does not relieve SUBRECIPIENT from its separate and distinct obligation to defend under this section. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if SUBRECIPIENT asserts that liability is caused in whole or in part by the

negligence or willful misconduct of an Indemnified Party. If it is finally adjudicated that liability was caused by the comparative active negligence or willful misconduct of an Indemnified Party, then SUBRECIPIENT may submit a claim to the COUNTY for reimbursement of reasonable attorneys' fees and defense costs in proportion to the established comparative liability of the Indemnified Party. SUBRECIPIENT'S indemnification obligations under this Agreement will survive the expiration or earlier termination of this Agreement until action against the Indemnified Parties for the matter indemnified is fully and finally barred by the applicable statute of limitations or statute of repose. SUBRECIPIENT'S liability for indemnification under this Agreement is in addition to any liability SUBRECIPIENT may have to COUNTY for a breach by SUBRECIPIENT of any of the provisions of this Agreement. Under no circumstances may the insurance requirements and limits set forth in this Agreement be construed to limit SUBRECIPIENT'S indemnification obligation or other liability under this Agreement. The terms of this Agreement are contractual and the result of negotiation between the Parties.

(c) SUBRECIPIENT must indemnify and hold COUNTY harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses, for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by COUNTY, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

16. TERMINATION

(a) Without Cause (For Convenience): Either Party may terminate this Agreement for convenience by giving thirty (30) days' prior written notice to the other Party of its intention to terminate pursuant to this provision, specifying the date of termination. COUNTY will not pay lost anticipated profits or other economic loss resulting from termination of this Agreement. After receiving a notice of termination for convenience from SUBRECIPIENT, and prior to the effective date of termination, COUNTY may, in its sole discretion, continue to disburse grant funding to SUBRECIPIENT for the programs or activities permitted under this Agreement and specified in the effective Award Letter(s); however, COUNTY specifically reserves the right to cancel or modify some of the programs or activities specified in the Award Letter if it seems infeasible for SUBRECIPIENT to complete its work before the termination of the contract. Any funding disbursed to SUBRECIPIENT but not yet spent at the time the Agreement is terminated must be returned to COUNTY. All such disbursements continue to be subject to the restrictions otherwise provided in this Agreement or by law.

COUNTY will not impose sanctions on SUBRECIPIENT for a termination for convenience.

(b) With Cause: Either party may terminate this Agreement immediately, by written notice to the other Party, should the other Party:

- (1) be adjudged a bankrupt, or
- (2) become insolvent or have a receiver appointed, or
- (3) make a general assignment for the benefit of creditors, or
- (4) suffer any judgment which remains unsatisfied for 30 days, and which would substantively impair the ability of the judgment debtor to perform under this Agreement.

COUNTY also reserves the right to immediately suspend and/or to terminate this Agreement, for cause, upon discovery of a material breach by SUBRECIPIENT. A material breach includes, but is not limited to, (i) SUBRECIPIENT'S failure to comply with the terms and conditions of this Agreement or of any Award Letter(s) issued by COUNTY; (ii) a material misrepresentation by SUBRECIPIENT to COUNTY in

relation to this grant program; or (iii) failure to comply with all applicable laws or regulations. COUNTY will provide written notice of the material breach and its determination to either suspend or terminate the contract, specifying the date of termination. At COUNTY's sole discretion, COUNTY may provide SUBRECIPIENT with a reasonable period of time to cure the breach. If COUNTY terminates this Agreement for cause, COUNTY reserves the right to reduce, modify, or eliminate any or all of this subaward and any other outstanding SHSGP subawards to SUBRECIPIENT. Upon demand by COUNTY, SUBRECIPIENT agrees to immediately return FY 2019 SHSGP funding that has been disbursed to SUBRECIPIENT and which remains in SUBRECIPIENT's possession at the time this Agreement is terminated. In addition, the payment of any grant funds that have yet to be disbursed for work already completed by SUBRECIPIENT under this Agreement remains subject to the restrictions on payments otherwise provided in this Agreement and by law, and is further conditioned on COUNTY's confirmation of SUBRECIPIENT's satisfactory completion of the activities or programs specified in this Agreement and any related Award Letter(s).

COUNTY will not pay lost anticipated profits or other economic loss, nor will the County pay compensation or make reimbursement to cure any breach arising out of or resulting from such termination for cause. If this Agreement is terminated for cause, COUNTY may impose sanctions, including possible rejection of future proposals based on specific causes of non-performance. Furthermore, if this Agreement is terminated for SUBRECIPIENT's failure to comply with applicable federal statutes or regulations, including those specifically incorporated into this Agreement by reference, SUBRECIPIENT is advised that the COUNTY's termination decision may be considered in evaluating future applications for federal grant awards.

(c) Effects of Completion or Termination: Expiration, completion, or termination of this Agreement shall not terminate any of SUBRECIPIENT's obligations to indemnify, defend, or hold harmless; to maintain and make available any records pertaining to the Agreement; to cooperate with any audit; to be subject to offset; to make any reports of pre-termination contract activities; to honor its obligations related to the disposal or disposition of property purchased with SHSGP funding; to comply with the continuing applicable obligations contained in Exhibit A; or to comply with any other continuing or closeout obligations required by this Agreement or by federal or state law or regulation, including those specified in 2 CFR Part 200. Where SUBRECIPIENT's activities or programs have been terminated by the COUNTY for cause, said termination will not affect any rights of the COUNTY to recover damages from or against SUBRECIPIENT.

(d) Suspension of Performance: Independent of any right to terminate this Agreement, COUNTY Authorized Agents may immediately suspend performance by SUBRECIPIENT, in whole or in part, in response to health, safety or financial emergency, a change in SHSGP grant funding to COUNTY, or a failure or refusal by SUBRECIPIENT to comply with the provisions of this Agreement, until such time as the cause for suspension is resolved, or a notice of termination becomes effective.

17. RECORDS. SUBRECIPIENT shall maintain complete and accurate records with respect to the activities, programs, and/or purchases funded by or related to FY 2019 SHSGP funding and/or this Agreement, including all records relating to procurement of goods and services. In addition, SUBRECIPIENT shall maintain complete and accurate records with respect to any payments to employees, subawardees, contractors, or subcontractors. All such records shall be prepared in accordance with generally accepted accounting procedures and any applicable procedures required by the COUNTY or the federal or state government. All applicable records shall be clearly identified, maintained on site, and be kept readily accessible.

SUBRECIPIENT further agrees to make all such records available to federal, state, and COUNTY government representatives, as further specified in Exhibit A, Paragraph 9 and Exhibit B, Paragraph 10. SUBRECIPIENT shall ensure that members of the public also have access to such records upon request, in accordance with the Freedom of Information Act and the California Public Records Act. SUBRECIPIENT specifically agrees to require any subrecipients, contractors, successors, transferees, and assignees to acknowledge and agree to comply with all of these record keeping and access requirements.

Failure to comply with these requirements may result in suspension of payments under the grant, termination of the grant, or both. SUBRECIPIENT may be ineligible for award of any future grants if COUNTY or Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

18. NOTICES. Except as may be otherwise required by law, any notice to be given must be written and must be either personally delivered, sent by facsimile transmission, or sent by first class mail, postage prepaid and addressed as follows:

COUNTY:

Andrew Lockman
Emergency Services Manager
Tulare County HHSA/Office of
Emergency Services
5957 S Mooney Blvd
Visalia, CA 93277
Phone No.: (559) 624-7498
Fax No.: (559) 624-7499

With a Copy To:

COUNTY ADMINISTRATIVE OFFICER
2800 W. Burrel Ave.
Visalia, CA 93291

Phone No.: (559) 636-5005
Fax No.: (559) 733-6318

SUBRECIPIENT:

Douglas Stewart
Fire Chief
909 W. Visalia Rd
Farmersville, CA 93223
Phone No.: (559) 747-0458
Fax No.: (559) 747-6724

Notice personally delivered is effective when delivered. Notice sent by facsimile transmission is deemed to be received upon successful transmission. Notice sent by first class mail shall be deemed received on the fifth (5th) day after the date of mailing. Either party may change the above address by giving written notice pursuant to this paragraph.

19. CONFLICTS WITH LAWS OR REGULATIONS/ SEVERABILITY. This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision shall be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party, and some or all of the grant money may need to be returned to COUNTY. Such a termination will be treated as a termination for cause, in accordance with Paragraph 16 above. In all other cases, the remainder of the Agreement shall continue in full force and effect.

20. MODIFICATION. No part of this Agreement may be modified without the written consent of both Parties.

21. EXHIBITS AND RECITALS. The Recitals and the Exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.

22. GOVERNING LAW. This Agreement shall be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. The Parties agree that this contract is made in and shall be performed in Tulare County, California.

23. FURTHER ASSURANCES. Each Party will execute any additional documents and perform any further acts which may be reasonably required to effect the purposes of this Agreement.

24. NO THIRD PARTY BENEFICIARIES. Unless specifically set forth, the Parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

25. WAIVERS. The failure of either Party to insist on strict compliance with any provision of this Agreement shall not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either Party of either performance or payment shall not be considered to be a waiver of any preceding breach of the Agreement by the other Party.

26. HEADINGS. Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

27. ORDER OF PRECEDENCE. In the event of any conflict or inconsistency between or among the body of the Agreement and any Award Letter or other communication between COUNTY and SUBRECIPIENT, then the terms and conditions of the body of this Agreement shall prevail.

28. ASSIGNMENT. This Agreement is entered into by COUNTY in reliance on the identity and representations made by SUBRECIPIENT, and no part of this Agreement or this subaward (including any equipment purchased with the subaward) may be assigned, transferred, or sold by SUBRECIPIENT without the prior written consent of COUNTY, which consent COUNTY may grant, delay, deny, or condition in its absolute discretion. Any FY 2019 SHSGP funds provided to SUBRECIPIENT and not yet expended at the time of any attempted unauthorized assignment or transfer will be forfeit to COUNTY at the time of attempted assignment or transfer. Furthermore, the voluntary or involuntary assignment of this Agreement to a receiver or trustee in bankruptcy, will constitute a material breach and will automatically terminate this Agreement without advance notice or opportunity to cure.

29. COMPLIANCE WITH LAWS. SUBRECIPIENT shall comply with all applicable laws, ordinances, rules, and regulations and obtain and keep current all permits, licenses and/or approvals required by law to perform the activities or services, or to purchase any equipment, specified in this Agreement.

30. CONFLICT OF INTEREST

(a) SUBRECIPIENT agrees to, at all times during the performance of this Agreement, comply with the law of the State of California regarding conflicts of interests and appearance of conflicts of interests, including, but not limited to Government Code Section 1090 et seq., and the Political Reform

Act, Government Code Section 81000 et seq. and regulations promulgated pursuant thereto by the California Fair Political Practices Commission. The statutes, regulations and laws previously referenced include, but are not limited to, prohibitions against any public officer or employee, including SUBRECIPIENT, from making any decision on behalf of COUNTY in which such officer, employee or consultant/contractor has a direct or indirect financial interest. A violation can occur if the public officer, employee or consultant/contractor participates in or influences any COUNTY decision which has the potential to confer any pecuniary benefit on SUBRECIPIENT or any business firm in which SUBRECIPIENT has an interest, with certain narrow exceptions.

(b) SUBRECIPIENT agrees that if any facts come to its attention which raise any questions as to the applicability of conflicts of interest laws, it will immediately inform the COUNTY designated representative and provide all information needed for resolution of this question.

31. COUNTERPARTS. The Parties may sign this Agreement in counterparts, each of which is an original and all of which taken together form one single document.

32. CERTIFICATION AND ACKNOWLEDGEMENT: The undersigned represents that he/she is authorized to enter into this Agreement for and on behalf of the SUBRECIPIENT. As the duly authorized representative of the SUBRECIPIENT, the undersigned hereby certifies that the SUBRECIPIENT has the legal authority to apply for County, State, and Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-Federal share of project cost) to ensure proper planning, management and completion of the project described in the FY 2019 SHSGP application, within the prescribed timelines.

The undersigned further acknowledges that the SUBRECIPIENT is responsible for reviewing and adhering to all COUNTY, state, and federal grant award requirements.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year signed by the last Party below.

CITY OF FARMERSVILLE

By: _____
[Title]

Date: _____

ATTEST:

By: _____

Approved as to form:

By: _____

COUNTY OF TULARE

By: _____
Chairman, Board of Supervisors

Date: _____

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By: _____
Deputy

Approved as to form: County Counsel

By: _____
Deputy, Matter No. 20191550.

EXHIBIT A



Standard Assurances For All Cal OES Federal Grant Programs

As the duly authorized representative of the Applicant, I hereby certify that the Applicant has the legal authority to apply for federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application, within prescribed timelines.

I further acknowledge that the Applicant is responsible for reviewing and adhering to all requirements within the:

- (a) Applicable Federal Regulations (see below);
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) California Supplement to the NOFO; and
- (d) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements, and audit requirements for federal grant programs are set forth in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.). Updates are issued by the Office of Management and Budget (OMB) and can be found at <http://www.whitehouse.gov/omb/>.

Significant state and federal grant award requirements (some of which appear in the documents listed above) are set forth below. The Applicant hereby agrees to comply with the following:

1. Proof of Authority

The Applicant will obtain written authorization from the city council, governing board, or authorized body in support of this project. This written authorization must specify that the Applicant and the city council, governing board, or authorized body agree:

- (a) To provide all matching funds required for the grant project and that any cash match will be appropriated as required;
- (b) Any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the city council, governing board, or authorized body;
- (c) Grant funds shall not be used to supplant expenditures controlled by the city council, governing board, or authorized body, and
- (d) The official executing this agreement is, in fact, authorized to do so.

This Proof of Authority must be maintained on file and readily available upon request.

EXHIBIT A

2. Period of Performance

The Applicant will initiate work after approval of the award and complete all work within the period of performance specified in the grant.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the United States Code (U.S.C.), for persons entering into a contract, grant, loan, or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, the Applicant certifies that:

- (a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- (b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

The Applicant will also comply with provisions of the Hatch Act (5 U.S.C. §§ 1501-1508 and §§ 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

Finally, the Applicant agrees that federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor's Office of Emergency Services (Cal OES) or the federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders 12549 and 12689, and 2 C.F.R. § 200.213 and codified in 2 C.F.R. Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the federal government. The Applicant certifies that it and its principals, subgrantees, recipients or subrecipients:

EXHIBIT A

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transaction (federal, state, or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. Non-Discrimination and Equal Employment Opportunity

The Applicant will comply with all federal statutes relating to non-discrimination. These include, but are not limited to, the following:

- (a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. § 2000d et. seq.) which prohibits discrimination on the basis of race, color, or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;
- (b) Title IX of the Education Amendments of 1972, (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex in any federally funded educational program or activity;
- (c) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794), which prohibits discrimination against those with disabilities or access and functional needs;
- (d) Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability and requires buildings and structures be accessible to those with disabilities and access and functional needs (42 U.S.C. §§ 12101-12213);
- (e) Age Discrimination Act of 1975, (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age;
- (f) Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd—2), relating to confidentiality of patient records regarding substance abuse treatment;
- (g) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), relating to nondiscrimination in the sale, rental or financing of housing as implemented by the Department of Housing and Urban Development at 24 C.F.R. Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)— be designed and constructed with certain accessible features (See 24 C.F.R. § 100.201);

EXHIBIT A

- (h) Executive Order 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identification or national origin;
- (i) Executive Order 11375, which bans discrimination on the basis of race, color, religion, sex, sexual orientation, gender identification, or national origin in hiring and employment in both the United States federal workforce and on the part of government contractors;
- (j) California Public Contract Code § 10295.3, which prohibits discrimination based on domestic partnerships and those in same sex marriages;
- (k) DHS policy to ensure the equal treatment of faith-based organizations, under which all applicants and recipients must comply with equal treatment policies and requirements contained in 6 C.F.R. Part 19;
- (l) Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and
- (m) The requirements of any other nondiscrimination statute(s) which may apply to the application.

In addition to the items listed in (a) through (m), the Applicant will comply with California's Fair Employment and Housing Act (FEHA). FEHA prohibits harassment and discrimination in employment because of ancestry, familial status, race, color, religious creed (including religious dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave (California Government Code §§12940, 12945, 12945.2), military and veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.), the Applicant certifies that it will maintain a drug-free workplace and a drug-free awareness program as outlined in the Act.

7. Environmental Standards

The Applicant will comply with state and federal environmental standards, which may be prescribed pursuant to the following, as applicable:

- (a) California Environmental Quality Act (CEQA) (California Public Resources Code §§ 21000- 21177), to include coordination with the city or county planning agency;
- (b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§ 15000- 15387);
- (c) Federal Clean Water Act (CWA) (33 U.S.C. § 1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters;
- (d) Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources;

EXHIBIT A

- (e) Institution of environmental quality control measures under the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA; and Executive Order 12898 which focuses on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities;
- (f) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988;
- (g) Executive Order 11514 which sets forth national environmental standards;
- (h) Executive Order 11738 instituted to assure that each federal agency empowered to enter into contracts for the procurement of goods, materials, or services and each federal agency empowered to extend federal assistance by way of grant, loan, or contract shall undertake such procurement and assistance activities in a manner that will result in effective enforcement of the Clean Air Act and the Federal Water Pollution Control Act Executive Order 11990 which requires preservation of wetlands;
- (i) The Safe Drinking Water Act of 1974, (P.L. 93-523);
- (j) The Endangered Species Act of 1973, (P.L. 93-205);
- (k) Assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
- (l) Conformity of Federal Actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.);
- (m) Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

The Applicant shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease and desist order pursuant to § 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending \$750,000 or more in federal grant funds annually, the Applicant will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 of the Code of Federal Regulations, Part 200, Subpart F Audit Requirements.

9. Access to Records

In accordance with 2 C.F.R. § 200.336, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

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10. Conflict of Interest

The Applicant will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment

The Applicant will comply with 31 U.S.C §§ 3729-3733 which sets forth that no subgrantee, recipient, or subrecipient shall submit a false claim for payment, reimbursement or advance.

12. Reporting - Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282), specifically (a) the reporting of subawards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier subawards. This includes the provisions of FFATA, which includes requirements for executive compensation, and also requirements implementing the Act for the non-federal entity at 2 C.F.R. Part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 C.F.R. Part 170 Reporting Subaward and Executive Compensation Information.

13. Whistleblower Protections

The Applicant also must comply with statutory requirements for whistleblower protections at 10 U.S.C. § 2409, 41 U.S.C. § 4712, and 10 U.S.C. § 2324, 41 U.S.C. § 4304 and § 4310.

14. Human Trafficking

The Applicant will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104) which prohibits grant award recipients or a subrecipient from: (1) engaging in trafficking in persons during the period of time that the award is in effect; (2) procuring a commercial sex act during the period of time that the award is in effect; or (3) using forced labor in the performance of the award or subawards under the award.

15. Labor Standards

The Applicant will comply with the following federal labor standards:

- (a) The Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), as applicable, and the Copeland Act (40 U.S.C. § 3145 and 18 U.S.C. § 874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally-assisted construction contracts or subcontracts, and
- (b) The Federal Fair Labor Standards Act (29 U.S.C. § 201 et al.) as they apply to employees of institutes of higher learning (IHE), hospitals and other non-profit organizations.

EXHIBIT A

EXHIBIT A

16. Worker's Compensation

The Applicant must comply with provisions which require every employer to be insured to protect workers who may be injured on the job at all times during the performance of the work of this Agreement, as per the workers compensation laws set forth in California Labor Code §§ 3700 et seq.

17. Property-Related

If applicable to the type of project funded by this federal award, the Applicant will:

- (a) Comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchase;
- (b) Comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires subrecipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more;
- (c) Assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470), Executive Order 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §469a-1 et seq.); and
- (d) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

18. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

- (a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project;
- (b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications; and
- (c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

EXHIBIT A

19. Use of Cellular Device While Driving is Prohibited

Applicants are required to comply with California Vehicle Code sections 23123 and 23123.5. These laws prohibit driving motor vehicle while using an electronic wireless communications device to write, send, or read a text-based communication. Drivers are also prohibited from the use of a wireless telephone without hands-free listening and talking, unless to make an emergency call to 911, law enforcement, or similar services.

20. California Public Records Act and Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program, or provided in the course of an entity's grant management activities that are under Federal control, is subject to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the California Public Records Act, California Government Code section 6250 et seq. The Applicant should consider these laws and consult its own State and local laws and regulations regarding the release of information when reporting sensitive matters in the grant application, needs assessment, and strategic planning process.

HOMELAND SECURITY GRANT PROGRAM - PROGRAM SPECIFIC ASSURANCES / CERTIFICATIONS

21. Reporting Accusations and Findings of Discrimination

If during the past three years the recipient has been accused of discrimination on any basis the recipient must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements to the DHS Financial Assistance Office and the DHS Office for Civil Rights and Civil Liberties (CRCL) by e-mail at CRCL@hq.dhs.gov or by mail at U.S. Department of Homeland Security, Office for Civil Rights and Civil Liberties, Building 410, Mail Stop #0190, Washington, D.C. 20528.

In the courts or administrative agencies make a finding of discrimination on grounds of race, color, national origin (including LEP), sex, age, disability, religion, or familial status against the recipient, or the recipients settle a case or matter alleging such discrimination, recipients must forward a copy of the complaint and findings to the DHS Financial Assistance Office and the CRCL by e-mail or mail at the addresses listed above.

The United States has the right to seek judicial enforcement of these obligations.

22. Acknowledgment of Federal Funding from DHS

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

23. Activities Conducted Abroad

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

EXHIBIT A

24. Best Practices for Collection and Use of Personally Identifiable Information (PII)

DHS defines personally identifiable information (PII) as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. All recipients who collect PII are required to have a publically-available privacy policy that describes standards on the usage and maintenance of PII they collect. Recipients may also find the DHS Privacy Impact Assessments: Privacy Guidance and Privacy template a useful resource respectively.

25. Copyright

All recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 and an acknowledgement of U.S. Government sponsorship (including the award number) to any work first produced under federal financial assistance awards.

26. Duplication of Benefits

Any cost allocable to a particular federal financial assistance award provided for in 2 C.F.R. Part 200, Subpart E may not be charged to other federal financial assistance awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or federal financial assistance award terms and conditions, or for other reasons. However, these prohibitions would not preclude recipients from shifting costs that are allowable under two or more awards in accordance with existing federal statutes, regulations, or the federal financial assistance award terms and conditions.

27. Energy Policy and Conservation Act

All recipients must comply with the requirements of 42 U.S.C. § 6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

28. Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.

29. Fly America Act of 1974

All recipients must comply with Preference for U.S. Flag Air Carriers: (air carriers holding certificates under 49 U.S.C. § 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.

30. Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, all Applicants must ensure that all conference, meeting, convention, or training space funded in whole or in part with federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, as amended, 15 U.S.C. § 2225a.

EXHIBIT A

EXHIBIT A

31. Non-supplanting Requirement

All recipients who receive federal financial assistance awards made under programs that prohibit supplanting by law must ensure that federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-federal sources.

32. Patents and Intellectual Property Rights

Unless otherwise provided by law, recipients are subject to the Bayh-Dole Act, Pub. L. No. 96-517, as amended, and codified in 35 U.S.C. § 200 et seq. All recipients are subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards located at 37 C.F.R. Part 401 and the standard patent rights clause located at 37 C.F.R. § 401.14.

33. SAFECOM

All recipients who receive federal financial assistance awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

34. Terrorist Financing

All recipients must comply with Executive Order 13224 and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. Recipients are legally responsible to ensure compliance with the Order and laws.

35. Reporting of Matters Related to Recipient Integrity and Performance

If the total value of the recipient's currently active grants, cooperative agreements, and procurement contracts from all federal assistance offices exceeds \$10,000,000 for any period of time during the period of performance of this federal financial assistance award, you must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated here by reference in the award terms and conditions.

36. USA Patriot Act of 2001

All recipients must comply with requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c.

37. Use of DHS Seal, Logo, and Flags

All recipients must obtain permission from their DHS Financial Assistance Office, prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

EXHIBIT A

IMPORTANT

The purpose of the assurance is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. The Applicant recognizes and agrees that state financial assistance will be extended based on the representations made in this assurance. This assurance is binding on the Applicant, its successors, transferees, assignees, etc. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by the Applicant and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the subrecipient may be ineligible for award of any future grants if the Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers. All recipients are bound by the Department of Homeland Security Standard Terms and Conditions 2018, Version 8.1, hereby incorporated by reference, which can be found at: <https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions>.

The undersigned represents that he/she is authorized to enter into this agreement for and on behalf of the Applicant.

Subrecipient: _____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

EXHIBIT A

Federally-Funded Services

(Pursuant to Appendix II, 2 CFR Part 200)

(1) Equal Employment Opportunity. Except as otherwise provided under 41 CFR Part 60, if this Agreement meets the definition of “federally assisted construction contract” in 41 CFR Part 60–1.3, then during the performance of this Agreement, the SUBRECIPIENT agrees as follows: (1) The SUBRECIPIENT will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. The SUBRECIPIENT will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The SUBRECIPIENT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.(2) The SUBRECIPIENT will, in all solicitations or advertisements for employees placed by or on behalf of the SUBRECIPIENT, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.(3) The SUBRECIPIENT will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of other employees or applicants as a part of such employee's essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the SUBRECIPIENT'S legal duty to furnish information.(4) The SUBRECIPIENT will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a notice to be provided advising the said labor union or workers' representatives of the SUBRECIPIENT'S commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.(5) The SUBRECIPIENT will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.(6) The SUBRECIPIENT will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.(7) In the event of the SUBRECIPIENT'S noncompliance with the nondiscrimination clauses of this contract or with any of the said rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and the SUBRECIPIENT may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of

EXHIBIT A

September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.(8) The SUBRECIPIENT will include the portion of the sentence immediately preceding paragraph (1) and the provisions of paragraphs (1) through (8) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The SUBRECIPIENT will take such action with respect to any subcontract or purchase order as the COUNTY may direct as a means of enforcing such provisions, including sanctions for noncompliance: *Provided*, however, that in the event SUBRECIPIENT becomes involved in, or is threatened with, litigation with a sub-contractor or vendor as a result of such direction by the COUNTY, then the SUBRECIPIENT may request the United States to enter into such litigation to protect the interests of the United States. The COUNTY further agrees that it will be bound by the above equal opportunity clause with respect to its own employment practices when it participates in federally assisted construction work.

The COUNTY agrees that it will assist and cooperate actively with the administering agency and the Secretary of Labor in obtaining the compliance of contractors and subcontractors with the equal opportunity clause and the rules, regulations, and relevant orders of the Secretary of Labor, that it will furnish the administering agency and the Secretary of Labor such information as they may require for the supervision of such compliance, and that it will otherwise assist the administering agency in the discharge of the agency's primary responsibility for securing compliance. The COUNTY further agrees that it will refrain from entering into any contract or contract modification subject to Executive Order 11246 of September 24, 1965, with a contractor debarred from, or who has not demonstrated eligibility for, Government contracts and federally assisted construction contracts pursuant to the Executive Order and will carry out such sanctions and penalties for violation of the equal opportunity clause as may be imposed upon contractors and subcontractors by the administering agency or the Secretary of Labor pursuant to Part II, Subpart D of the Executive Order. In addition, the COUNTY agrees that if it fails or refuses to comply with these undertakings, the administering agency may take any or all of the following actions: Cancel, terminate, or suspend in whole or in part this grant (contract, loan, insurance, guarantee); refrain from extending any further assistance to the COUNTY under the program with respect to which the failure or refund occurred until satisfactory assurance of future compliance has been received from the COUNTY; and refer the case to the Department of Justice for appropriate legal proceedings.

The SUBRECIPIENT and each of its subcontractors shall include this equal opportunity clause in each of its subcontracts.

(2) Davis-Bacon Act, as amended (40 U.S.C. 3141–3148). If this Agreement involves payment for construction services in excess of \$2,000, then the SUBRECIPIENT must comply with the Davis-Bacon Act (40 U.S.C. 3141–3144, and 3146–3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the

EXHIBIT A

Davis-Bacon Act, the SUBRECIPIENT is required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the U.S. Secretary of Labor. In addition, the SUBRECIPIENT is required to pay wages not less than once a week. The COUNTY must provide SUBRECIPIENT with a copy of the current prevailing wage determination issued by the U.S. Department of Labor with respect to the services to be provided under the subject Agreement. The SUBRECIPIENT'S execution of the subject Agreement constitutes the SUBRECIPIENT'S acceptance of the wage determination. The COUNTY must report all suspected or reported violations to the Federal awarding agency.

(3) Copeland "Anti- Kickback" Act (40 U.S.C. 3145). SUBRECIPIENT must comply with the Copeland "Anti- Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). Under the Copeland "Anti- Kickback" Act, the SUBRECIPIENT and all subcontractors are prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The COUNTY must report all suspected or reported violations to the Federal awarding agency.

(4) Contract Work Hours and Safety Standards Act (40 U.S.C. 3701–3708). If this Agreement involves payments for services in excess of \$100,000 that include the employment of mechanics or laborers, then the SUBRECIPIENT must comply with 40 U.S.C. 3702 and 3704, as supplemented by Department of Labor regulations (29 CFR Part 5). Under 40 U.S.C. 3702 of the Act, the SUBRECIPIENT is required to compute the wages of every mechanic and laborer on the basis of a standard work week of 40 hours. Work in excess of the standard work week is permissible provided that the worker is compensated at a rate of not less than one and a half times the basic rate of pay for all hours worked in excess of 40 hours in the work week. The requirements of 40 U.S.C. 3704 are applicable to construction work and provide that no laborer or mechanic must be required to work in surroundings or under working conditions which are unsanitary, hazardous or dangerous. These requirements do not apply to the purchases of supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence.

(5) Rights to Inventions Made Under a Contract or Agreement. If the Federal award supporting payments for services under this Agreement meets the definition of "funding agreement" under 37 CFR § 401.2 (a) and the Agreement is with a small business firm or nonprofit organization regarding the substitution of parties, assignment or performance of experimental, developmental, or research work under that "funding agreement," then the COUNTY and the SUBRECIPIENT must comply with the requirements of 37 CFR Part 401, "Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements," and any implementing regulations issued by the awarding agency.

(6) Clean Air Act (42 U.S.C. 7401–7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251–1387), as amended. If this Agreement involves payments for services in

EXHIBIT A

excess of \$150,000, then the SUBRECIPIENT must comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 U.S.C. 7401–7671q) and the Federal Water Pollution Control Act as amended (33 U.S.C. 1251–1387). Violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA).

(7) Debarment and Suspension (Executive Orders 12549 and 12689). By execution of this Agreement, SUBRECIPIENT certifies to the COUNTY that it is not a party listed on the government-wide exclusions list in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension,” and is not debarred, suspended, or otherwise excluded from the award of a federally-supported contract under statutory or regulatory authority other than Executive Order 12549.

(8) Byrd Anti-Lobbying Amendment (31 U.S.C. 1352). If this Agreement involves payments for services in excess of \$100,000, then by execution of this Agreement, the SUBRECIPIENT certifies to the COUNTY that it will not and has not used Federally-appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award covered by 31 U.S.C. 1352. The SUBRECIPIENT must also disclose to the COUNTY in writing any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award.

(9) Procurement of recovered materials. Pursuant to 2 CFR § 200.322, COUNTY and SUBRECIPIENT must comply with section 6002 of the Federal Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. The requirements of Section 6002 include procuring only items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition, where the purchase price of the item exceeds \$10,000 or the value of the quantity acquired during the preceding fiscal year exceeded \$10,000; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines.

(10) Records Retention and Access. Pursuant to 2 CFR §§ 200.333 through 200.337, the following provisions regarding Records Retention and Access will apply to this Agreement:

(a) Retention requirements for records. SUBRECIPIENT must retain all financial records, supporting documents, statistical records, and all other of its records pertinent to this Agreement for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the

EXHIBIT A

submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or COUNTY. The only exceptions to the 3 year limit are the following:

(i) If any litigation, claim, or audit is started before the expiration of the 3-year period, then the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.

(ii) When the SUBRECIPIENT is notified in writing by the COUNTY or Federal awarding agency, cognizant agency for audit, oversight agency for audit, or cognizant agency for indirect costs to extend the retention period.

(iii) Records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition.

(iv) When records are transferred to or maintained by the COUNTY, or Federal awarding agency, the 3-year retention requirement is not applicable to the SUBRECIPIENT.

(v) Records for program income transactions after the period of performance. In some cases recipients must report program income after the period of performance. Where there is such a requirement, the retention period for the records pertaining to the earning of the program income starts from the end of the SUBRECIPIENT'S fiscal year in which the program income is earned.

(vi) Indirect cost rate proposals and cost allocations plans. This paragraph applies to the following types of documents and their supporting records: indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates).

1. *If submitted for negotiation.* If the proposal, plan, or other computation is required to be submitted to the COUNTY or the Federal Government to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

2. *If not submitted for negotiation.* If the proposal, plan, or other computation is not required to be submitted to the COUNTY or Federal Government for negotiation purposes, then the 3- year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

(b) Methods for collection, transmission and storage of information. In accordance with the May 2013 Executive Order on Making Open and Machine Readable the New Default for Government Information, the Federal awarding agency and the SUBRECIPIENT should, whenever practicable, collect, transmit, and store Federal award-related information in open and machine readable formats rather than in closed formats or on paper. The Federal awarding agency or COUNTY must always provide or accept paper versions of Federal award-related information to and from the SUBRECIPIENT upon request. If paper copies are submitted, the Federal awarding agency or COUNTY must not require more than an original and two copies. When original records are electronic and cannot be altered, there is no need to create and retain paper copies. When original records are paper, electronic versions may be substituted through the use of duplication or other forms of electronic media provided that they are subject to periodic quality control reviews, provide reasonable safeguards against alteration, and

EXHIBIT A

remain readable.

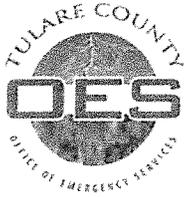
(c) Access to records.

(i) Records of SUBRECIPIENT. The Federal awarding agency, Inspectors General, the Comptroller General of the United States, the State of California, and the COUNTY,

or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the SUBRECIPIENT which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the SUBRECIPIENT'S personnel for the purpose of interview and discussion related to such documents.

(ii) Only under extraordinary and rare circumstances would such access include review of the true name of victims of a crime. Routine monitoring cannot be considered extraordinary and rare circumstances that would necessitate access to this information. When access to the true name of victims of a crime is necessary, appropriate steps to protect this sensitive information must be taken by both the SUBRECIPIENT and the Federal awarding agency or COUNTY. Any such access, other than under a court order or subpoena pursuant to a bona fide confidential investigation, must be approved by the head of the Federal awarding agency or delegate.

(iii) Expiration of right of access. The rights of access in this section are not limited to the required retention period but last as long as the records are retained. Federal awarding agencies and COUNTY must not impose any other access requirements upon SUBRECIPIENT.



Office of Emergency Services

5957 South Mooney Boulevard, Visalia, California 93277
(559) 624-7495 Telephone (559) 624-7499 Facsimile

February 4, 2020

Doug Stewart
Fire Chief
City of Farmersville, Fire Department
909 W. Visalia Rd
Farmersville CA 93223

Cc: Mario Krstic
Police Chief
City of Farmersville, Fire Department
909 W. Visalia Rd
Farmersville CA 93223
mkrstic@farmersvillepd.com

Subject: NOTIFICATION OF SUBRECIPIENT AWARD
FY 2019 State Homeland Security Grant Program (SHSGP)
Subaward #: 2019-0035, Cal OES ID: 107-00000, CFDA #: 97-067

Dear Chief Stewart,

Please accept this letter as the official award notice for the City of Farmersville, Fire Department from the FY 2019 State Homeland Security Grant Program. A summary of your award follows:

- **Project 004 – Firefighter Ballistic Protective Equipment, 12 sets**

Please see the attached Grant Award Workbook page for the approved equipment and corresponding AEL number(s). Your agency has only been approved to receive the equipment listed on the Grant Award Workbook page.

In order for your agency to receive this equipment, your governing body must sign and return at least 2 original copies of FY 2019 Subaward Equipment Agreement, along with a resolution or minutes showing that the individual signing the document was authorized to do so.

Once your Subaward Equipment Agreement has been fully executed, the noted equipment will be provided to you by Tulare County Fire Department within the performance period, which is open now and ends on April 30, 2022.

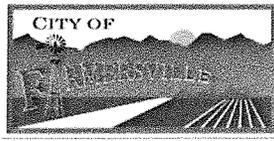
This subaward is subject to all provisions of 2 CFR Part 200, including Subpart F - Audit Requirements. Any equipment received in excess of current needs, approved amounts, or those found owed as a result of a final review or audit, must be returned or refunded to the State within 30 days upon receipt of an invoice from Cal OES.

For further information, contact Tulare County OES Grant Administrator at 559-624-7495 or e-mail at OESGrants@co.tulare.ca.us

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Lockman".

Andrew Lockman
Emergency Services Manager



City Council

Staff Report 7E

TO: Honorable Mayor and City Council
FROM: Jennifer Gomez, City Manager
DATE: February 24, 2020
SUBJECT: First Amendment to County Library Lease Agreement

RECOMMENDED ACTION:

That the City Council approve the First Amendment to Lease Agreement for Property Located at 623 N. Avery, Farmersville.

BACKGROUND and DISCUSSION:

The current agreement with the County of Tulare to lease space at 623 N. Avery for the Farmersville Library expires on February 28, 2020. The County has proposed an amendment for the term of the lease to be effective February 28, 2020 and expire in three years with the option and right to renew this lease for two additional three year terms.

City staff has no recommendations to any additional changes to the lease agreement.

FISCAL IMPACT:

No new impacts.

ATTACHMENT(S):

Lease Agreement
First Amendment

Library

LEASE AGREEMENT

This Lease ("Lease" or "Agreement") is entered into on February 28, 2017, ~~2018~~, between CITY OF FARMERSVILLE, referred to as "LESSOR" and the COUNTY OF TULARE, referred to as "LESSEE", who agree as follows:

1. **LEASE.** LESSOR leases to LESSEE, and LESSEE leases from LESSOR, a portion of the real property located at 623 N. Avery Ave., Farmersville, County of Tulare, State of California, consisting of approximately 1,540 square feet of interior building space ("**Premises**") within an approximately 16,380 square foot building, commonly known as the Farmersville Community Center. LESSEE shall also have the non-exclusive use of the building's restrooms and parking area. A floor plan of the Premises is attached hereto as **EXHIBIT A**, and incorporated by this reference.

2. **TERM/OPTION TO RENEW.** The term of the lease shall commence upon approval by the Board of Supervisors (the "**Effective Date**") and shall expire three (3) years thereafter. LESSEE will have the option and right to renew this lease for two (2) additional three (3) year terms upon the same terms and conditions by serving a written notice to exercise the option to renew no later than ninety (90) days prior to the end of the term.

3. **RENT.** Except as otherwise provided herein, commencing on the first day of the first full month following the effective date, and on every anniversary date of the Effective Date thereafter, LESSEE shall pay to LESSOR an annual rent, without deduction, set off, prior notice, or demand, in the sum of ONE DOLLAR (\$1).

4. **ACCEPTANCE.** On the effective date, the premises shall be in good condition. LESSEE's taking possession of the premises on the effective date shall constitute LESSEE's acknowledgment that, to the best of its knowledge, the premises are in good condition.

5. **USE.**

a. LESSEE shall have exclusive use of the Premises for the purposes of a Branch Library for public use. LESSEE and LESSOR have formed a strategic partnership where: (a) the LESSOR will provide the location and space within the City of Farmersville (the "**City**") for a public library and (b) the

TULARE COUNTY AGREEMENT NO. 27980

LESSEE will provide the appropriate staffing funded by a Community Development Block Grant ("CDBG") secured by the LESSOR.

b. Notwithstanding paragraph (a) of this section, LESSOR shall have access to and use of the Premises for City-sponsored events at times when LESSEE is not using or operating the Premises as a public library, subject to LESSEE's consent, which consent shall not be unreasonably withheld. LESSOR will be liable for any damage or loss to LESSEE's property caused by the negligence of LESSOR during said events. LESSOR will be liable for any personal injuries sustained during said events by attendees which take place in or around the Premises. In any month in which special arrangements of LESSOR result in significantly higher operational costs not budgeted by LESSEE, LESSOR will be required to pay such costs, provided that LESSEE provides effective written notice thereof to LESSOR no later than the end of the next calendar month following said higher operational cost.

c. LESSEE shall not use the premises in any manner that will constitute waste or nuisance.

6. MAINTENANCE.

a. LESSOR will provide, at LESSOR's expense, all ongoing maintenance, preventative maintenance, repair, and upkeep of the premises, including, but not limited to, the parking areas, sidewalks, grounds, building and improvements, and equipment and fixtures attached thereto. Such responsibility shall include, without limitation, the following:

i. The structural parts of the building and other improvements in which the premises are located, which structural parts include the foundations, bearing and exterior walls, subflooring, and roof;

ii. The exposed and unexposed electrical, plumbing, and sewage systems, including, without limitation, those portions of the systems lying outside the premises;

iii. Window frames, gutters, and down spouts on the building and other improvements in which the premises are located;

iv. Heating, ventilating, and air-conditioning systems (HVAC) servicing the premises;

1. The HVAC shall be inspected at least once every twelve (12) months, and problems found during these

inspections shall be corrected within thirty (30) days from discovery.

2. Inspections and maintenance of the HVAC system shall be documented in writing. The Lessor shall record the name of the individual(s) inspecting and/or maintaining the system, the date of any inspections and maintenance, and the specific findings and action taken. The Lessor shall ensure that the records are kept for at least five (5) years.

- v. Light fixtures and replacement bulbs;
- vi. Pest control;
- vii. Upkeep of outdoor areas, including lawns and other landscaping.

b. LESSOR will be responsible for complying with all codes or laws requiring alterations, maintenance or restoration of the premises and parking areas during the term of the lease, at no cost to LESSEE, including codes requiring fire extinguishers or other fire suppression equipment and related signage.

c. During an emergency, LESSEE will take immediate steps to protect persons, property and the premises. In the event that any condition(s) existing on the premises poses an imminent risk of danger to persons, property or the premises, LESSEE shall take reasonable steps to notify persons at risk, require library patrons to leave the premises if necessary to avoid personal injury and notify LESSOR. If LESSOR does not take the necessary steps, LESSEE will have the right to: (1) repair or contract to repair and to be reimbursed by LESSOR provided that total/aggregate cost thereof is no greater than one thousand U.S. dollars (\$1,000 USD); or (2) terminate this Agreement for cause in accordance with the terms of this Agreement. If the full amount of the reimbursement is not delivered by LESSOR to LESSEE within ten (10) days after LESSEE's delivery to LESSOR of a written statement or bill evidencing the cost of the repair, LESSEE will have the right to deduct the cost of repair from the next monthly rent payment.

d. Except for cases of emergency, LESSOR will make all repairs LESSOR deems necessary as soon as is possible. In the event LESSOR has not made a repair referred to in a written notice from LESSEE to LESSOR within thirty (30) days after date of notice, LESSEE will have the right to repair or

contract to repair and be reimbursed by LESSOR provided that total repair cost incurred for that month will not exceed one thousand U.S. dollars (\$1,000 USD). If the full amount of the reimbursement is not delivered by LESSOR to LESSEE within ten (10) days after LESSEE's delivery to LESSOR of a written statement or bill evidencing the cost of the repair, LESSEE will have the right to deduct the cost of repair from the next monthly rent payment.

7. **ALTERATIONS.** LESSEE shall not make any structural or exterior alterations to the premises without LESSOR's consent, which consent shall not be unreasonably withheld; however, LESSEE shall have the right without cost to LESSOR to make, with LESSOR's consent, nonstructural alterations to the interior of the premises that LESSEE requires in order to conduct its operations on the premises.

Upon termination of the tenancy, if LESSEE is not then in default of any of the provisions of this lease, LESSEE shall have the right to remove from the premises immediately before the termination of the tenancy, or within ten (10) days thereafter, any alterations LESSEE has made to the premises, as long as the removal will not cause any structural damage to the premises, and LESSEE at its cost promptly restores any damage caused by the removal.

8. **PREVAILING WAGE AND OTHER LABOR LAWS.** LESSOR and LESSEE acknowledge that any deferred maintenance and potentially any subsequent alterations made to the premises under the terms of this Lease Agreement, are subject to such prevailing wage, apprenticeship and anti-discrimination provisions of the Labor Code as are applicable to public works projects contracted for by LESSEE, including Labor Code section 1771. When required by law, LESSOR and LESSEE will require all contractors and subcontractors who complete such work contracted by them to: (a) maintain accurate and certified payroll records pursuant to Labor Code section 1776; (b) to make such records available for inspection by LESSEE, LESSOR and the Division of Labor Standards Enforcement of the Department of Industrial Relations, on a weekly basis and at no cost; and (c) to comply with all other applicable prevailing wage requirements. In addition, and when required by applicable statutes, LESSOR's and LESSEE's construction contract(s) will require contractor(s) and subcontractor(s) to maintain complete and accurate records with respect to the funds expended on such work, and will require that the contractor(s) and subcontractor(s) provide access to the Tulare County Auditor and to the State of California auditors, and to their agents and representatives of the parties hereto, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of this Agreement. LESSOR and LESSEE, as applicable, will require that all such records be prepared in accordance with generally accepted accounting procedures, be

clearly identified, and be readily accessible within the each party hereto, upon request.

9. **ASSURANCES OF NON-DISCRIMINATION.** LESSOR and LESSEE will not discriminate in employment or the performance of the work or in the provision of services called for under this Agreement on the basis of any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation.

10. **MECHANIC'S LIENS.** LESSEE shall pay all costs for construction done by it or caused to be done by it on the premises as permitted under this Agreement. LESSEE shall keep the building, other improvements, and land on which the premises are located free and clear of all mechanic's liens or stop notices resulting from construction done by or for LESSEE.

11. **UTILITIES.**

a. LESSOR shall bill LESSEE the pro-rated share of the monthly utility bills including, but not limited to, electricity, gas, water, sewer and refuse/trash. All charges shall be limited to the percentage of space within the building, 10.63%, occupied by LESSEE. LESSEE shall reimburse LESSOR for its pro-rated share within 30 calendar days of receipt of the bill.

b. LESSOR shall furnish and provide LESSEE with internet access capable of supporting LESSEE's connection to its online library resources for staff and the public at no cost to LESSEE.

c. LESSEE shall furnish, at its own expense, all janitorial services for the Premises. LESSEE shall arrange for the installation of any and all telephones it shall require, and shall pay for any and all charges relating thereto.

12. **INDEMNITY.** To the fullest extent permitted by law, LESSEE will hold harmless, defend and indemnify LESSOR from and against any liability, claims, actions, costs, damages or losses and expenses for injury, including without limitation, the death of any person or damage to any property, resulting from the negligent or intentionally wrongful acts or omissions of LESSEE or LESSEE's officers, agents, employees and contractors with respect to the Premises. LESSEE's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred during the term of this lease, or any renewal or holdover period.

To the fullest extent permitted by law, LESSOR will hold harmless, defend and indemnify LESSEE and its officers, agents, volunteers, contractors and employees from and against any liability, claims, actions, costs, damages, losses and expenses for injury, including without limitation, the death of any person or damage to any property; enforcement actions under California Prevailing Wage laws with respect to work done by LESSOR, or under other applicable statute or ordinance; or resulting from LESSOR's or LESSOR's agents', employees', or contractors,' negligent or intentionally wrongful acts or omissions with respect to the Premises. LESSOR's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred during the term of this lease, or any renewal or holdover period.

13. INSURANCE.

a. **LESSEE** – LESSOR acknowledges and agrees that LESSEE is a self-insured entity, and waives any requirement that LESSEE procure and/or maintain third-party insurance of any kind, including liability and/or fire/extended coverage insurance. During the term of this Agreement, the LESSEE must maintain the self-insurance coverages outlined within **EXHIBIT B**.

b. **LESSOR** – LESSEE acknowledges and agrees that LESSOR is a self-insured public entity, and waives any requirement that LESSOR procure and/or maintain third-party insurance of any kind, including liability and/or fire/extended coverage insurance. During the term of this Agreement, the LESSOR must maintain the self-insurance coverages outlined within **EXHIBIT B**.

14. DESTRUCTION. In the event the leased space, or the building in which the leased space is located, is totally or partially destroyed by fire, earthquake, or other casualty so as to render such property unfit for occupancy, in whole or in part, LESSEE shall be entitled to a reduction in the rental during the period that such part remains unrepaired or unrestored, in the proportion of the amount of floor space unfit for occupancy to the total floor space included in the lease; provided, however, that if it should reasonably appear that LESSOR cannot or will not restore or repair the premises within ninety (90) days from the date of such damage, either party shall be entitled to terminate the lease by giving the other party notice in writing of intention to so terminate ten (10) days before the proposed date of termination.

15. CONDEMNATION. If, during the tenancy, there is any taking by condemnation of all or part of the building, other improvements, or land of which the premises are a part, or any interest in the tenancy, the rights and obligations of the parties shall be determined as follows:

a. If the premises are totally taken by condemnation, the tenancy shall terminate on the date of the taking;

b. If any portion of the premises is taken by condemnation the tenancy shall remain in effect, except that: (i) the rent shall be reduced by an amount that is in the same ratio to monthly rent as the value of the area of the portion of the premises taken bears to the total value of the premises immediately before the taking; and (ii) LESSEE may elect to terminate the tenancy by giving notice of same within ten (10) days of the date of the taking.

16. **ASSIGNMENT.** LESSEE shall not assign or encumber its interest in the tenancy, or sublease all or any part of the premises, without the consent of LESSOR, which such consent shall not be unreasonably withheld.

17. **DEFAULT.** The occurrence of any of the following shall constitute a default by LESSEE:

a. Failure to pay rent when due, if the failure continues for ten (10) days after notice has been given to LESSEE;

b. Abandonment and vacation of the premises;

c. Failure to perform any other provision of this agreement if the failure to perform is not cured within a reasonable time after notice has been given of same to LESSEE;

d. The LESSEE engages in misconduct or allows circumstances to exist which, in the sole discretion of the LESSOR, expose the LESSOR to an unreasonable risk of liability or loss;

e. Ceasing to use the premises as a Branch Library for public use for more than 30 consecutive days, except as provided in Paragraph 23.

Staffing of the Public Branch Library is contingent upon approval of a Sub Recipient Agreement by both the LESSOR and LESSEE's respective Boards. Upon approval of this agreement, or the Sub Recipient Agreement, whichever agreement is approved last, LESEE has 30 days to furnish and open the Public Branch Library. LESSEE shall not be deemed in default under this paragraph if there is a delay in opening the Public Branch Library due to delays in obtaining these needed approvals.

Notices given under this section shall specify the alleged default and the applicable provisions of this agreement, and shall demand that LESSEE perform the provisions within the applicable period of time, or quit the premises.

The purpose of the notice requirements set forth in this section is to extend the notice requirements of the unlawful detainer statutes of California.

In the event of a default, the parties shall have the remedies now or later allowed by law.

18. **SIGNS.** LESSEE may not install, or permit any other person to install, any sign, awning, canopy, marquee or other advertising on any exterior wall, door, or window on the premises without LESSOR's prior written consent, which consent shall not be unreasonably withheld. On the expiration or termination of this Lease, LESSOR may remove and destroy any items which were permitted to be installed in accordance with the terms of this section.

19. **LESSOR'S ENTRY ON PREMISES.** LESSOR and its authorized representatives shall have the right to enter the premises at all reasonable times, and after reasonable notice to LESSEE, for any of the following purposes:

a. To determine whether the premises are in good condition and whether LESSEE is complying with the obligations under this agreement;

b. To do any necessary maintenance and to make any restoration to the premises or the building and other improvements in which the premises are located that LESSOR has the right or obligation to perform;

c. To serve, post, or keep posted any notices required or permitted under this agreement;

d. To show the premises to prospective brokers, agents, buyers, and prospective lessees at any time during the tenancy.

20. **SURRENDER.** On expiration or other termination of the tenancy, LESSEE shall surrender the premises to LESSOR in the same good condition as received, ordinary wear and tear excepted. LESSEE shall remove all its personal property, and shall perform all restoration made necessary by the removal of any alterations, fixtures, or signs.

21. **HOLDING OVER.** If LESSEE, with LESSOR's consent, remains in possession of the premises after the expiration of the initial lease term or the renewal period, such possession shall be deemed to be a month-to-month tenancy terminable upon thirty (30) days' written notice given at any time by either party. During any such month-to-month tenancy, LESSEE shall pay all rent

required by this agreement, all other provisions of which shall apply to the month-to-month tenancy.

22. **TERMINATION.** Either party may terminate this Agreement for cause upon five (5) days' prior written notice to the other party. For purposes of this section, "cause" shall be defined as the failure of either party to remedy any material breach of the Lease Agreement within thirty (30) days' written notice of the breach.

23. **REDUCTION OF LESSEE'S FUNDING.** LESSOR expressly understands and agrees that LESSEE is dependent upon certain Federal and/or State funding to pay the rent and associated operational costs provided in this Agreement. If such Federal and/or State funding is discontinued and/or reduced, LESSEE and LESSOR shall each have the right to terminate the lease. In either event the terminating party shall provide the other with at least ninety (90) days' prior written notice of termination.

24. **SUCCESSORS.** This agreement shall be binding on, and inure to, the benefit of the parties, their successors and assigns, except as otherwise limited by this agreement.

25. **NOTICE.** Any notice, demand, request, consent, approval or other communication required or permitted under this agreement shall be in writing and must be either delivered in person or sent by certified mail, postage prepaid, to the follow addresses:

LESSEE:

Board of Supervisors
County of Tulare
2800 W. Burrel
Visalia, CA 93291
559-636-5000

With a Copy to:

Tulare County General Services
Attn: Property Management
5953 S. Mooney Blvd.
Visalia, CA 93277
559-624-7227
559-624-1022 - Fax

LESSOR:

City Manager
CITY OF FARMERSVILLE
909 West Visalia Road
Farmersville, California 93223
559-747-0458

With A Copy To:

Michael L. Farley, City Attorney
FARLEY LAW FIRM
108 West Center Avenue
Visalia, California 93291
559-738-5975
559-732-2305 – Fax

Notice shall be deemed communicated five (5) days from the time of mailing as provided in this section.

26. **WAIVER.** The failure of either party to insist on strict compliance with any provision of this Agreement will not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either party of either performance or payment will not be considered to be a waiver of any preceding breach of the Agreement by the other party.

27. **EXHIBITS.** All Exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.

28. **INTEGRATION.** This instrument contains all the agreements of the parties relating to the premises and cannot be modified or amended except by a subsequent agreement in writing.

29. **NO THIRD PARTY BENEFICIARIES.** Unless specifically set forth, the parties to this Agreement do not intend to provide any third party benefit or enforceable legal or equitable right or remedy.

30. **GOVERNING LAW.** This Agreement will be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles.

31. **HEADINGS.** Paragraph headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

32. **INTERPRETATION.** This Agreement reflects the contributions of both parties and accordingly the provisions of Civil Code Section 1654 shall not apply to address and interpret any uncertainty.

33. **CONFLICT WITH LAWS OR REGULATIONS; SEVERABILITY.** This Agreement is subject to all applicable laws and regulations. If any provision of this agreement is found by any court or other legal authority, or is agreed by the parties, to be in conflict with any code or regulation governing its subject, the conflicting provision will be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either party is lost, the Agreement may be terminated at the option of the affected party. In all other cases the remainder of the Agreement will continue in full force and effect.

34. **AUTHORITY.** Each person executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to bind, and if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right to enter into this Agreement and perform all of its obligations hereunder.

35. **COUNTERPARTS.** This Agreement may be executed in two or more counterparts, and by facsimile, all of which shall be considered one and the same agreement.

36. **ESTOPPEL CERTIFICATES.** Upon the LESSOR's request, the LESSEE must execute and deliver to the LESSOR no later than ten (10) business days after the LESSOR's request an estoppel certificate, stating that, to the best of LESSEE's knowledge:

(a) This lease is unmodified and in full force and effect, or, if the lease is modified, the way in which it is modified accompanied by a copy of modification documentation;

(b) There is no outstanding default by LESSOR under the lease, or identifying any default which exists; and

(c) Such other matters as may be reasonably requested by the LESSOR.

If the LESSOR requests an estoppel certificate, and the LESSEE does not respond within fifteen (15) business days, the LESSEE shall be conclusively deemed to have delivered a certificate indicating that this lease is unmodified and in full force and effect and that there is no outstanding default by LESSOR as of the date.

37. **SUBORDINATION.** This Lease shall be subject and subordinate at all times to the lien of all mortgages and deeds of trust securing any amount or amounts whatsoever which now exist or may hereafter be placed on or against the premises or on or against LESSOR's interest or estate therein, all without the necessity of having further instruments executed by LESSEE to effect such subordination. Notwithstanding the foregoing, in the event of a foreclosure of any such mortgage or deed of trust or of any other action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be terminated or extinguished, nor shall the rights and possession of LESSEE hereunder be disturbed, if no lessee default then exists under this Lease, and LESSEE shall attorn to the person who acquires LESSOR's interest hereunder through any such mortgage or deed of trust. LESSEE agrees to execute,

acknowledge and deliver upon demand such further instruments evidencing such subordination of this Lease to the lien of all such mortgages and deeds of trust as may reasonably be required by LESSOR, but LESSEE's covenant to subordinate this Lease to mortgages or deeds of trust hereafter executed is conditioned upon each such mortgage or deed of trust, or a separate subordination agreement containing the commitments specified in the preceding sentence.

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THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

LESSOR

CITY OF FARMERSVILLE

APPROVED AS TO FORM:

Paul Boyer

Paul Boyer, Mayor (date)

Maxine Diaz 2/2/2017

City Attorney or Deputy (date)

ATTEST:

Beth Ann Ash

City Clerk or Deputy (date)

COUNTY OF TULARE (LESSEE)

[Signature]

By:

Chairman, Board of Supervisors

ATTEST: MICHAEL C. SPATA
County Administrative Officer/
Clerk of the Board of
Supervisors

By: *Demetra Ybana*

Approved as to form:
County Counsel

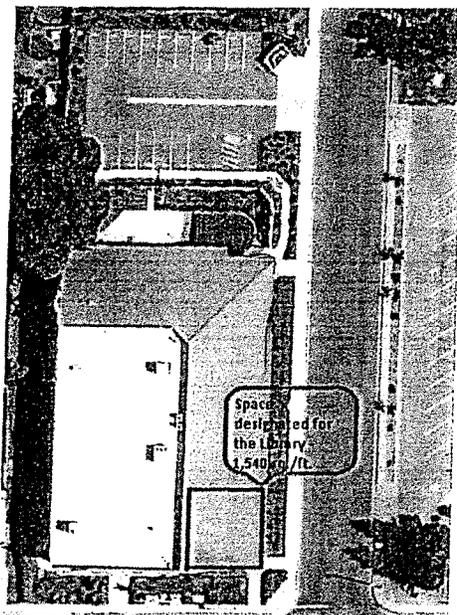
By: *Rabona Ruth Greenwald*
Deputy County Counsel 20161437



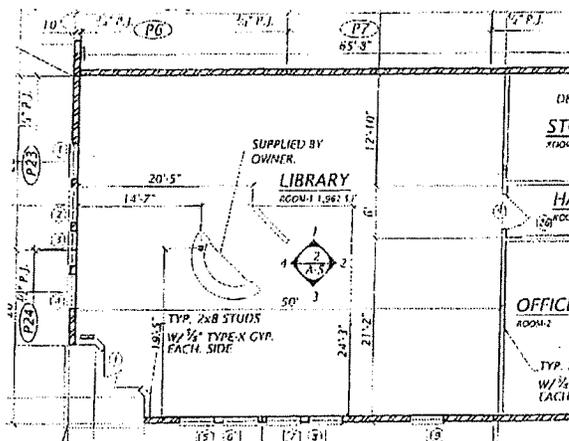
Exhibit A

Tulare County Library
623 N. Avery Ave., Farmersville, CA

Premises and Floor Plan



Premises



Floor Plan

1,540 square feet of internal building space

EXHIBIT B

COUNTY AS LESSEE

INSURANCE REQUIREMENTS

Each party shall procure and maintain insurance or shall self-insure for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, their performance under the Agreement, their agents, representatives, employees and contractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Insurance Services Office Commercial General Liability coverage of \$1,000,000 combined single Limit per occurrence (occurrence Form CG 00 01). If an annual aggregate applies it must be no less than \$2,000,000.
2. Insurance Services Office Form Number CA 00 01 covering Automobile Liability, (any auto) of \$1,000,000 per occurrence. If an annual aggregate applies it must be no less than \$2,000,000.
3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. Lessor shall carry Property Insurance against all risks of loss on all real property being leased, that the LESSOR owns including improvements and betterment. Limits of full replacement cost with no coinsurance provision.

B. Specific Provisions of the Certificate

1. The General Liability, Comprehensive Automobile Liability and Property Insurance policies must contain the following provisions. Each party will provide endorsements reflecting the following requirements:
 - a. ~~The other party, its officers, agents, officials, employees and volunteers are to be covered as additional insureds with respect to liability arising out of ownership maintenance or use of that part of the premises leased to the COUNTY.~~
 - b. During the COUNTY's onsite control over and operation of the premises through personnel not under the control of the LESSOR, which shall include the normal operating hours of the public library, the

COUNTY's insurance and self-insurance shall provide primary coverage except as to the improvements on, and physical condition of, the Premises, which shall at all times be primarily covered by the LESSOR's insurance and self-insurance. At all other times, LESSOR's insurance shall be primary as to the limits specified herein. Beyond said coverages, any additional insurance or self-insurance maintained by each party, its officers, agents, officials, employees or volunteers shall be excess of the other party's insurance and shall not contribute with it.

c. Each insurance policy required by this agreement shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days prior written notice has been provided to the County.

2. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the each party for all work performed by the other party, its employees, agents and subcontractors:

a. *Waiver of Subrogation (in favor of LESSEE). The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the County for all work performed by the LESSOR, its employees, agents and subcontractors. LESSOR waives all rights against the County and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.*

b. *Waiver of Subrogation (in favor of LESSOR). The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the LESSOR for all work performed by the LESSEE, its employees, agents and subcontractors. LESSEE waives all rights against the LESSOR and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.*

C. Deductibles and Self-Insured Retentions

The Risk Manager of each party must approve any deductible or self-insured retention of the other party which exceeds \$100,000.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by A.M. Best and Company of no less than A-VII and a Standard & Poor's Rating (if rated) of at least BBB and from a company approved by the Department of Insurance to conduct business in California. Any waiver of these standards is subject to approval by the Risk Manager of the other party.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the LESSOR shall file with the Clerk to the Board of Supervisors, certificates of insurance with original endorsements effecting coverage and a copy of the declarations page from the policy in effect in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time. LESSEE must provide the same to LESSOR prior to taking possession of the Premises.

Rev. 5/13

**FIRST AMENDMENT TO LEASE AGREEMENT FOR PROPERTY LOCATED
AT 623 N. AVERY, FARMERSVILLE**

This First Amendment to County Lease Agreement No. 27980 is entered into on _____, 2020, by and between the CITY OF FARMERSVILLE, hereinafter referred to as "LESSOR," and the COUNTY OF TULARE, hereinafter referred to as "LESSEE," with respect to the following:

WHEREAS, LESSEE and LESSOR entered into an agreement for lease of space located at 623 N. Avery Ave., Farmersville on February 28, 2017; and

WHEREAS, LESSEE and LESSOR desire to extend the term of the agreement for an additional three years;

ACCORDINGLY IT IS AGREED as follows:

1. Paragraph 2 of the Agreement is amended, in part, as of the date of this First Amendment, to read:

TERM. The term of the lease shall be effective February 28, 2020 and will terminate three (3) years thereafter. LESSEE will have the option and right to renew this lease for two (2) additional three (3) year terms upon the same terms and conditions by serving a written notice to exercise the option to renew no later than 30 days prior to the end of the term.

Except as amended, all other terms and conditions of the Agreement shall remain in full force and effect.

SIGNATURES ON FOLLOWING PAGE

THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below:

CITY OF FARMERSVILLE

LESSOR

Approved as to Form:

Greg Gomez, Mayor (date)

City Attorney or Deputy (date)

ATTEST:

City Clerk or Deputy (date)

COUNTY OF TULARE

LESSEE

Date: _____

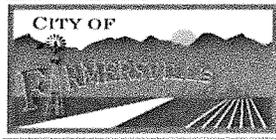
By _____
Chairman, Board of Supervisors

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By _____
Deputy

Approved as to form: County Counsel

By _____
Deputy



City Council

Staff Report 7F

TO: Honorable Mayor and City Council

FROM: Jennifer Gomez, City Manager

DATE: February 24, 2020

SUBJECT: Authorize purchase of Street Right-of-Way from Mark P. Dunn in the amount of \$5,600 and approve Right of Way Agreement; and accept Grant Deed and authorize to execute Deed Certification.

RECOMMENDED ACTION:

Recommend that the City Council:

- 1) Authorize the purchase of street right-of-way on Road 164 from Mark P. Dunn, Trustee of the 2019 Mark P. Dunn Separate Property Trust located as shown on the attached map in the amount of \$18,900; and
- 2) Accept the attached Grant Deed for street right-of-way purposes from Mark P. Dunn, Trustee of the 2019 Mark P. Dunn Separate Property Trust and authorize to execute and the City Clerk to attest and record said deed; and
- 3) Approve the attached Right of Way Agreement.

BACKGROUND and DISCUSSION:

As part of the North Farmersville Boulevard Widening Project there are twenty-three properties that are being impacted, therefore the City is required to acquire the street right-of-ways necessary for the project.

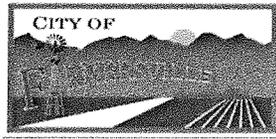
The partial acquisition of the frontage of this property was appraised by Hopper Company and valued at \$5,100.00. Negotiations for additional compensation were agreed upon through an administrative settlement and now requires formal action by the City Council to approve the total amount of \$5,600.

FISCAL IMPACT:

A budget for right-of-way acquisition was included in the cost of the project which is being funded by Measure R.

ATTACHMENT(S):

Grant Deed APN 128-280-003
Right of Way Agreement



City Council

Staff Report 8A

TO: Honorable Mayor and City Council

FROM: Steve Huntley, Director of Finance and Administration

DATE: February 24, 2020

SUBJECT: Consider Adoption of Procurement Policy for the City of Farmersville by Resolution 2020-003 and Waive Second Reading and Adopt Ordinance 499

RECOMMENDED ACTION

Adopt the new Procurement Policy for the City of Farmersville by Resolution 2020-003; and waive the second reading of Ordinance 499 which will update Chapter 3.16 "Purchases", of the Farmersville Municipal Code.

BACKGROUND

As previously discussed at the February 10, 2020 Regular Meeting of the City of Farmersville City Council, a new procurement policy is needed for many reasons, including, but not limited to the facts that the existing policy was over 30 years old without any substantial updates, and the policy needed to be updated to modern standards and meet current legal requirements in order to keep the City compliant with its Federal Awards.

The City's new policy has a goal to achieve best **value** by securing goods and services at the lowest cost possible commensurate with quality and other relevant requirements of the purchase. These needs are balanced with effectiveness and efficiency so that the City can meet its strategic goals and the purchasing standards required by Federal and State law.

Therefore, the attached policy is written in a way to balance the objectives of promoting competitive bidding, transparency, effectiveness, and efficiency with the integrity woven throughout the process and enforced through checks and balances in the system for both staff and elected/appointed officials.

REVISIONS

At the meeting on February 10, 2020, the City Council directed that a small number of minor changes be made to the policy and then approved during the meeting of February 24, 2020 with the adoption of Ordinance 499. Here is the summary of the changes suggested and made:

Change Number	Suggested Change to Policy	Change reflected on Page
1	Change approval of Construction Service Contracts solicited through the CUPCCAP informal bidding process for the \$60,001 - \$200,000 range from the PA to City Council. Update Appendix E Matrix with the same information.	10 , 146
2	Add an exception to bidding for local preference purchasing, as applicable by law, and practicably applied in accordance with the policy by staff.	20
3	Change the threshold for PA approval to City Council approval from \$100,000 to \$50,000 for Outside Legal Services. Update Appendix E Matrix with the same information.	23, 145

ATTACHMENT(S):

1. Resolution 2020-003 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE ADOPTING THE CITY OF FARMERSVILLE PROCUREMENT POLICY
2. City of Farmersville Procurement Policy (updated February 2020)
3. Ordinance 499 Amending Chapter 3.16 PURCHASES of the City of Farmersville Municipal Code

CITY OF FARMERSVILLE

Procurement Policy

City of Farmersville
909 W. Visalia Road Farmersville, CA 93223
Phone 559.747.0458
Fax 559.747.6724

Updated February 2020

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3	Procurement Methods	Review of methods used in the acquisition of products and services.
4	Purchase Orders	Familiarize the user with the purpose and usage of purchase orders and change orders.
5	Vendor Issues	Provide information about contacting vendors, making purchase commitments, adding vendors to the suppliers list, filing complaints about vendors, accepting vendor deliveries, and making payments to vendors.
6	Glossary of Procurement Terms	Definition of common procurement terms.
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Introduction

This Procurement Policy document is intended to serve as a reference tool for City staff and departments. It details the policies and procedures of the City's purchasing authority. It outlines all phases of the procurement process and clarifies the responsibilities of individual departments and staff, and explains the legal requirements affecting the City.

This guide will help City personnel familiarize themselves with procurement processes and enable them to timely and efficiently obtain the goods and services they need.

Quick Reference

Chapter 1 – An Overview of the Procurement System

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1

An Overview of the Procurement System

Chapter Objective: This chapter is an introduction to City of Farmersville purchasing process – its service processes, objectives, and ethical standards.

What is Procurement?

Procurement is the process through which purchases are planned, solicitations issued, vendors selected, purchase orders issued, and goods or services are received.

The City of Farmersville desires to be both effective and efficient in purchasing with the goal of integrity woven throughout the process. Ethically purchasing goods and services with an emphasis is on the best value for the City's dollar.

This is accomplished by ensuring that goods and services are of high quality, available when needed, not overpriced, and that taxpayers know that public funds are being spent wisely on its behalf and not for the personal benefit of government employees, officials, or their friends.

The City's Procurement System

The City of Farmersville has adopted a decentralized procurement system, which is under the authority of the City Manager or his/her designee(s) as the City Purchasing Agent (PA) established by the Purchases section of the City's Municipal Code. The decentralized purchasing is necessary due to the small amount of administrative staff and is functional because of the small size of the City. This means that the PA is ultimately responsible for procurement in general, but delegates his/her authority in limited measure to Department Heads within the City. The PA (or designee) therefore establishes leasing agreements; coordinates surplus sales; and most importantly, procures all commodities under \$75,000 and services under \$100,000 and certain construction services under \$200,000.

The City of Farmersville therefore does not run a centralized Internal Service Fund (ISF) but purchases are made directly by each department, as applicable, while payment and oversight of purchases are maintained through a centralized accounts payable process in the Finance Department.

Procurement Authority

The City derives its authority from two sources: local and state laws. Local law encompasses City Councils' resolutions and directives. The two main sources giving authority to Procurement Services to purchase goods and services on behalf of the City are the Purchases Ordinance and the California Government Code.

Purchasing Ordinance. The City's Municipal Code Chapter 3.16, "Purchases" was established by Ordinance 278 (passed and adopted in 1984), to govern the activities of the City. In general, it established that the PA shall have the duties and powers prescribed by the laws of the State of California relating to City Purchasing Agents, Public Contract Code, and Government Code. A full copy of the Code Section is available on the City's website.

State and Federal Laws. State laws that are applicable to various City procurement activities can be found in the Government Code, the Civil Code, and the Public Contract Code (including the California Uniform Public Construction Cost Accounting Act; CUPCCAA). Where pertinent, specific code sections are referenced throughout this policy. Federal law is applicable to City procurement activities any time federal funds are used for particular procurements, but specifically listed in Chapter 2 of this Policy.

Procurement Objectives & Standards of Conduct

The City's procurement policy objectives and standards are applied to all transactions through the following values:

- Establish the legal authority of the procurement function within the City
- Simplify, clarify, and reflect the laws governing procurement
- Enable uniform procurement policies throughout the City
- Build public confidence in public procurement
- Ensure the fair and equitable treatment of everyone who deals with the procurement system
- Provide for increased efficiency, economy, and flexibility in public procurement activities and maximize to the fullest extent the purchasing power of the City
- Foster effective broad-based competition from all segments of the supplier community
- Safeguard the integrity of the procurement system and protect against corruption, waste, fraud, and abuse
- Ensure appropriate public access to contracting information
- Foster equal employment opportunities that are in line with legal requirements, in the policies and practices of suppliers and subcontractors wishing to do business with the City

The following ethics statements are applicable to all City employees who participate in the procurement process.

- City employees shall not obligate the City of Farmersville, financially or otherwise, by any means, including but not limited to purchase orders and contracts, when the employee has a personal, material, financial, or other interest in the obligation.

- Employees are prohibited from directly or indirectly soliciting or accepting any rebate, kickback, gift, gratuity, or favor for personal gain from any individual, corporation, or group.
- The City's employees, directors, appointed or elected officials, volunteers, agents or contacts shall neither solicit nor accept gratuities, favors, gifts, consulting fees, trips, or anything having a monetary value in excess of fifty dollars (\$50.00) from a vendor, potential vendor, family or employees of a vendor, contractor or parties to subcontractors.
- City employees, when purchasing an item(s) for personal use, must avoid the appearance of City representation. The employee shall pay all such purchases with his or her personal funds. When personal purchases are made under these circumstances, separate invoices or sales receipts must be issued by the supplier. Such invoices must bear the employee's name, home address, and phone number and may *not* be delivered to the City. Employees may *not* solicit, or accept, discounts, reduced prices, or other benefits from suppliers because of employees' position with the City.

Procurement Process Conflicts of Interest

There will be uniform and equitable application of the Standards of Conduct of the City of Farmersville involving all activities associated with the procurement of goods and services. This section also defines responsibility to identify and prevent real or apparent Conflicts of Interest.

Prior to the issuance of a procurement solicitation, informational and research contacts with prospective vendors may be made for the purpose of gathering data. However, in making such contacts, employees, officers, Council Members, and agents shall avoid any commitment or implication of a possible future award.

Accordingly, no request for complimentary services or supplies, which may imply an obligation on the part of the City, shall be made. Requests for testing services, product samples, or demonstrations, and free trips to examine vendor products are to be avoided.

Whenever procurement is in process (e.g., during the solicitation, evaluation, negotiation, and award phases) all contacts with potential contractors or vendors shall be made through the Purchasing Agent or designee(s).

Employees, officers, directors, and agents of the City are also subject to the laws of the City and State of California concerning conflicts of interest. Monetary penalties and, in some cases, criminal penalties are imposed by California law for violations. In addition, City employees are subject to discipline for a violation that could lead to or result in termination of employment in addition to consequences relative to the California Fair Political Practices Commission (FPPC).

Gratuities and Kickbacks

No member of the groups listed above will neither solicit nor accept gratuities, favors or

anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Anyone failing to adhere to the above will be subject to any disciplinary proceeding deemed appropriate by the City of Farmersville.

Personal Conflicts of Interest

No City employee, officer, Council member, agent or contact shall participate in the selection, award or administration of a third party contract or other agreement if a real or apparent conflict of interest would be involved. Such a conflict of interest arises, whether real or apparent, when any of the following has a financial or other interest in the firm(s) considered or selected for award:

- a) An employee, officer, board member, or agent of the City;
- b) Any member of their immediate family, including but not limited to, husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, son-in-law, and daughter-in-law;
- c) Their partner or business associate; or
- d) A company or organization which is about to employ any of the above.

Apparent or Appearance of Conflict is based on a reasonableness standard i.e. would a reasonable person with knowledge of all material facts believe there appears to be a conflict?

Organizational Conflict of Interest

An organizational conflict of interest may be real or apparent and arises where, because of other activities, financial interests, relationships, or contracts – a contractor is unable, or potentially unable, to render impartial assistance or advice to the City. Such a conflict exists in circumstances where the contractor's objectivity is or might be impaired or where the contractor has an unfair competitive advantage.

Organizational conflicts lead to two (2) distinct problems - bias or an unfair competitive advantage.

- a) Bias is a situation where an advisor is placed in a position that creates an incentive to distort advice or decision making.
- b) Unfair competitive advantage occurs when one contractor has information not available to other contractors in the normal course of business. For example, an unfair competitive advantage would occur when a contractor developing specifications or work statements has access to information that the City has paid the contractor to develop, or information which the City has furnished to the contractor for its work, when that information has not been made available to the public and to other offerors. Because this information enhances the contractor's competitive position in the procurement process, it represents an unfair competitive advantage over other offerors.

The City's procurement activities shall be structured to ensure full and open competition and to eliminate or minimize any unfair competitive advantage in circumstances where an organizational conflict, real or apparent, is presented. Appropriate structural steps are dependent upon the particular circumstances surrounding the procurement and might include: prohibiting the contractor from participating in the procurement, the bid process or in evaluation of bids, fully disclosing all information to all prospective offerors for a reasonable amount of time, adjustment of specifications to address any potential advantage, among others.

Confidential Information

No member of the groups listed above shall furnish advice or services to a firm which is bidding on or planning to bid on a contract with the City, or which is doing business presently with the City. No member shall use confidential information for his or her actual or anticipated personal gain, or the actual or anticipated personal gain of any other person related to them by blood, marriage, or by common commercial or financial interest.

Anyone failing to adhere to the above will be subject to any disciplinary proceeding deemed appropriate by the City of Farmersville.

Quick Reference

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City Policies that Affect Procurement

Chapter Objective: Provide an overview of City policies affecting the procurement of goods and services and provide instructions for compliance.

Bidding Policies

It is the City's policy to develop maximum competition for all purchases and to make awards based on the lowest responsive and responsible bid received. A responsive bidder is one who responds to all of the significant requirements outlined in the solicitation. A responsible bidder is one who is deemed to be capable of supplying the goods or services requested.

The City's goal through purchasing is to achieve the **best overall value** by securing goods and services at the **lowest cost possible commensurate with quality and other relevant requirements**.

Commodities (Materials & Equipment)

\$1 to \$10,000 – Administrative Process

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

\$10,001 to \$25,000 – Administrative Process

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

\$25,001 to \$75,000 – Written Quotes

Competitive bidding is required. The respective department acquires approval from the PA and then issues a written Request for Quotation. The number of vendors contacted varies, depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder. In

the case of capital (defined as an asset anticipated to have a useful life of over 1 year and a purchase cost over \$5,000) the item must be on the adopted Capital Budget for the year.

Over \$75,000 – Formal Bids and RFPs / RFQs

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. A purchase order (PO) is required.

Award is made to the lowest responsive and responsible bidder, in the case of IFBs. In the case of RFPs, award is made in accordance with the evaluation criteria, terms, and conditions stated therein.

Typically, commodity items are procured using a bid process where an award is made to the lowest responsive and responsible bidder. However, in some instances an RFP may be used. The PA must gain authorization from City Council to approve the PO.

Services (Non-Construction)

\$1 to \$10,000 – Administrative Process

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

Contract requirements shall not be artificially divided to avoid bidding requirements.

\$10,001 to \$25,000 – Administrative Process

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

\$25,001 to \$50,000 – Written Quotes

Competitive bidding is required. The respective department acquires approval from the PA and then issues a written Request for Quotation. The number of vendors contacted varies, depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder.

Over \$50,000 – Formal Bids or RFPs / RFQs (and contract)

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is

made in accordance with the evaluation criteria, terms, and conditions stated therein.

Services above \$100,000 require City Councils' approval

When a service contract is utilized by multiple City departments, staff will be responsible for tracking encumbrances and obtaining Council approval as needed.

Services (Construction)

\$1 to \$10,000 – Administrative Process

Competitive bidding is not required. At the Buyer's discretion, the purchase can be made with the vendor recommended by the department. Many purchases can be made with purchase cards by the department staff members with the approval of the Department Head.

\$10,001 to \$25,000 – Administrative Process

Competitive bidding is not required, but approval by the PA is required by memo. After approval is granted, the purchase can be made with the vendor recommended by the department.

\$25,001 to \$60,000 – Written Quotes

Competitive bidding is required. The respective department issues a written Request for Quotation. The number of vendors contacted will vary, depending on the dollar amount of the purchase and the time available. Award is made to the lowest responsive and responsible bidder and approved by the PA.

\$60,001 to \$200,000 – Informal Bid

Informal bids will be solicited in accordance with the California Uniform Public Construction Cost Accounting Procedures (CUPCCAP) alternative bidding procedures. The award is approved by the City Council.

Services above \$200,000 require City Councils' approval

Competitive bidding is required. Staff must acquire approval to go to bid or RFP / RFQ from City Council before issuing either a **formal** sealed Invitation for Bids (IFB) or Request for Proposals (RFP), depending on the type of procurement. Typically, the RFP process is used for services. The number of vendors contacted will vary depending on the dollar amount of the purchase and the time available, but three is preferred. Award is made to the lowest responsive and responsible bidder in the case of IFBs. In the case of RFPs, the award is made in accordance with the evaluation criteria, terms, and conditions stated therein.

Federally Funded Projects / Grants Procurement (2 CFR 200)

Council on Financial Assistance Reform Priorities (COFAR) goal is to reduce risk of waste, fraud, and abuse while reducing administrative burdens through the establishment of a Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards (2 CFR 200). The City of Farmersville's policy related to Federally-funded projects and/or grant is established to reflect this goal and be in compliance with 2 CFR 200.

As a result, the City will operate with the following regulation for the procurement of property or services stemming from federal aid. This section shall apply to the awarding of sub-grants and contracts by the City stemming from federal grants to the City. This section shall have the same application on the awarding of sub-grants and contracts by the City stemming from state, county or other non-federal government entity grants originating as federal grants.

- A. Determination of Federal Awards Requirements for Pass-thru Agencies, Subrecipients, and Contractors (200.330 & 200.331)
1. The City may concurrently receive Federal awards as a recipient, a subrecipient, and a contractor, depending on the substance of its agreements with Federal awarding agencies and pass-through entities.

Therefore, the City will make a case-by-case determination for each agreement it makes for the disbursement of Federal program funds that the party receiving the funds in the role of a subrecipient or a contractor.

The City will comply with any additional guidance to support these determinations from the awarding agency provided such guidance does not conflict with this section.

1. A subaward is for the purpose of carrying out a portion of a Federal award and creates a Federal assistance relationship with the subrecipient. For purposes of making a determination as a subrecipient the City will consider the following characteristics of a Federal assistance relationship:
 - a. Determines who is eligible to receive what Federal assistance;
 - b. Has its performance measured in relation to whether objectives of a Federal program were met;
 - c. Has responsibility for programmatic decision making;
 - d. Is responsible for adherence to applicable Federal program requirements specified in the Federal award; and
 - e. In accordance with its agreement, uses the Federal funds to carry out a program for a public purpose specified in authorizing statute, as opposed to providing goods or services for the benefit of the pass-through entity.
2. A contract is for the purpose of obtaining goods and services for the City's own use and creates a procurement relationship with the contractor. For purposes of making a determination as a contractor the City will consider the following characteristics of a procurement relationship:

- a. Provides the goods and services within normal business operations;
 - b. Provides similar goods or services to many different purchasers;
 - c. Normally operates in a competitive environment;
 - d. Provides goods or services that are ancillary to the operation of the Federal program; and
 - e. Is not subject to compliance requirements of the Federal program as a result of the agreement, though similar requirements may apply for other reasons.
3. The Purchasing Agent, or designee, will use their judgement in classifying each agreement as a subaward (Federal assistance relationship) or a procurement contract (procurement relationship). The substance of the relationship is more important than the form of the agreement in making the determination.
2. Every subaward will be clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. If some of the information is not available, the City will provide the best information available to it.
 1. Federal Award Identification data as listed in Section 200.331 (1-4) and appropriate terms and conditions concerning closeout of the subaward.
3. Every subrecipient will be subject to evaluation and monitoring by the City as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:
 1. Reviewing financial and performance reports required by the pass-through entity.
 2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
 3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision.
4. Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in 200.331(b), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals:
 - a. Providing subrecipients with training and technical assistance on program-related matters; and

- b. Performing on-site reviews of the subrecipient's program operations;
 - c. Arranging for agreed-upon-procedures engagements as described in § 200.425 Audit services.
- 5. The City will verify that every subrecipient is audited as required by Subpart F - Audit Requirements of this part when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in § 200.501 Audit requirements.
- 6. The City will consider whether the results of the subrecipient's audits, on-site reviews, or other monitoring indicate conditions that necessitate adjustments to the pass-through entity's own records.
- 7. The City will consider taking enforcement action against noncompliant subrecipients as described in § 200.338.

B. Procurement Standards.

- 1. The City shall maintain a contract administration system which ensures contractors perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.
- 2. The City shall maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award and administration of contracts. No employee, officer or agent of the City shall participate in selection, or in the award or administration of a contract supported by federal funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:
 - a. The employee, officer or agent;
 - b. Any member of his or her immediate family;
 - c. His or her partner; or
 - d. An organization which employs, or is about to employ, any of the above, has a financial or other interest in or a tangible personal benefit from a firm considered for award.
- 3. The City's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. Such a conflict will not arise where the financial interest is not substantial or the gift is an unsolicited item of nominal intrinsic value (\$50 or less). The City's standards of conduct provide for disciplinary actions to be applied for violations of such standards by officers, employees, or agents of the City.
- 4. The City shall not enter into a contract with a non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government or Indian tribe, unless the non-Federal entity maintains written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest mean due to relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

5. The City shall avoid acquisition of unnecessary or duplicative items. Consideration will be given to consolidating or breaking out procurements to obtain a more economic purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach.
6. The City shall consider entering into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.
7. The City shall consider using Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs.
8. The City shall consider using value engineering clauses in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure its essential function is provided at the overall lower cost.
9. The City shall make awards only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources.
10. The City shall maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection and the basis for the contract price.
11. The City shall use time and material type contracts only:
 - a. After a determination is made that no other contract is suitable; and
 - b. If the contract includes a ceiling price the contractor exceeds at their own risk.
12. The City alone shall be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes and claims. These standards do not relieve the City of any contractual responsibilities under its contracts.

C. Competition.

1. The City will conduct procurement transactions in a manner providing full and open competition. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors developing or drafting specifications, requirements, statements of work, or invitations for bids or requests for proposals shall be excluded from competing for such procurements.
2. The City shall conduct procurements in a manner prohibiting the use of statutorily or administratively imposed in-state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes

expressly mandate or encourage geographic preference. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criteria provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

3. The City shall have written procedures for procurement transactions. These procedures will ensure that all solicitations:
 - a. Incorporate a clear and accurate description of the technical requirements for the material, product or service to be procured. Such description shall not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured, and when necessary, shall set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equal description may be used to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offerors shall be clearly stated; and
 - b. Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
4. The City shall ensure prequalified lists of persons, firms or products that are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

D. Methods of Procurement to be Followed

The City shall use one of the following methods of procurement:

1. Procurement by Micro-Purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and adjusted periodically for inflation. As of the date of this ordinance, the micro-purchase threshold is \$10,000.
2. Procurement by Small Purchase Procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies or other property that do not cost more than the simplified acquisition threshold as set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908 and periodically adjusted for inflation. If small purchase procedures are used, price or rate quotations shall be obtained from an adequate number of qualified sources. As of the date of this ordinance, the simplified acquisition threshold is \$250,000.
3. Procurement by Sealed Bids (Formal Advertising). Bids are publicly solicited and a firm-fixed-price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.

- a. For sealed bidding to be feasible, the following conditions should be present:
 - (1) A complete, adequate, and realistic specification or purchase description is available;
 - (2) Two or more responsible bidders are willing and able to compete effectively for the business; and
 - (3) The procurement lends itself to a firm-fixed-price contract and the selection of the successful bidder can be made principally based on price.
 - b. If sealed bids are used, the following requirements apply:
 - (1) The invitation for bids will be publicly advertised and bids shall be solicited from an adequate number of known suppliers, providing them sufficient time prior to the date set for opening the bids;
 - (2) The invitation for bids, which will include any specifications and pertinent attachments, shall define the items or services for the bidder to properly respond;
 - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids;
 - (4) A firm-fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost and life cycle costs shall be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (5) If there is a sound documented reason, any or all bids may be rejected.
4. Procurement by Competitive Proposals. The technique of competitive proposals is normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids. If this method is used, the following requirements apply:
- a. Requests for proposals shall be publicized and identify all evaluation factors including relative importance. Any response to publicized requests for proposals shall be honored to the maximum extent practical;
 - b. Proposals will be solicited from an adequate number of qualified sources;
 - c. The City shall conduct technical evaluations of the proposal received and for selecting awardees;
 - d. Awards will be made to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and
 - e. The City may use competitive proposal procedures for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.
5. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances applies:

- a. The item is available only from a single source;
 - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - c. The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in a written request from the City; or
 - d. After solicitation of multiple sources, competition is determined inadequate.
6. Contracting with Small and Minority Businesses, Women's Business Enterprises and Labor Surplus Area Firms.
- a. The City shall take all necessary affirmative steps to assure that minority businesses, women's business enterprises and labor surplus area firms are used when possible.
 - b. Affirmative steps include:
 - (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
 - (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
 - (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
 - (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
 - (5) Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
 - (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in subsections 6.b.(1) through (6) of this section.
7. Contracts Cost and Price.
- a. The City shall perform a cost or price analysis in every procurement action exceeding the simplified acquisition threshold including contract modifications. The method and degree of analysis will be dependent on the facts surrounding each procurement situation. As a starting point, the City shall make independent estimates before receiving bids or proposals.
 - b. Costs or prices based on estimated costs for contracts under the Federal award will be allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under Subpart E – Cost Principles of Title 2, Subtitle A, Part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards).
 - c. The cost plus a percentage of cost and percentage of construction cost methods of contracting shall not be used.
8. Federal Awarding Agency or Pass-Through Entity Review.
- a. The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is

needed to ensure that the item or service specified is the one being proposed for purchase.

- b. The City shall make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposal or invitations for bids, or independent cost estimates when:
 - (1) The City's procurement procedures or operation fails to comply with the procurement standards of Title 2, Subtitle A, Part 200, Subsection 200.324;
 - (2) The procurement is expected to exceed the simplified acquisition threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - (3) The procurement, which is expected to exceed the simplified acquisition threshold, specifies a "brand name" product;
 - (4) The proposed contract is more than the simplified acquisition threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - (5) A proposed modification changes the scope of a contract or increases the contract amount by more than the simplified acquisition threshold.
 - c. The City may be exempted from the pre-procurement review in subsection 8.b. above if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards set forth in Title 2, Subtitle A, Part 200, or the City self-certifies compliance with such standards if self-certification is permitted by the Federal awarding agency or pass-through entity.
9. **Bonding Requirements.** For public projects, the City shall require bid guarantees, performance bonds, and payment bonds consistent with Title 2, Part 200, Section 200.325 of the Code of Federal Regulations.
 10. **Contract Provisions.** The City's contracts shall contain the provisions in Appendix II to Title 2, Subtitle A, Part 200 – Contract Provisions for non-Federal Entity Contracts Under Federal Awards, as applicable.

E. Suspended or Debarred Parties

- A. City employees shall not enter into covered transactions with parties that are suspended or debarred or otherwise excluded from or ineligible for participation in Federal assistance programs and activities (2 CFR 200.213; 2 CFR 180).

Exceptions to Bidding (Government Code 10300-10334)

Sole Source/Brand Procurement

An exception may be granted based on two premises:

- Only a single company or organization can supply the needed product or service. As in the case of proprietary software maintenance, only the licensor of the product can provide support.

- Only a single “brand/model” will meet the department’s technical/functional requirements. For example, only the Brand X equipment is compatible with existing system requirements. Brand X is available through several distributors. Brand X would be considered a “sole brand” but not a “sole source” since it is available from many sources (distributors).

Sole source requests should not be made unless the department is confident that the request is reasonable, appropriately justified to meet the City's requirements, and can withstand a possible audit. Sole source/brand purchasing minimizes or eliminates competition and should be avoided whenever possible.

If a department believes that only a specific make and model will meet its needs, it should include an objectively written explanation that details the unique features of the sole source/brand item, which states why these features are required. If other brands or models have been tested or used previously, the department should specify the brands or models tested or used, the dates they were tested or used, and why they are not acceptable.

A written justification, signed by the department head must be submitted for the PA's review/approval. Department should provide the written justification in a standard memo format to the PA.

Use of Existing Agreement

An exception may be granted if the product/service is available through the utilization of another public entity’s contract (includes city, county, state, federal, school district, League of California Cities, California Communities Program, Federal GSA). The contract must have been competitively bid, be current within the last year, and be for the same product or service. It must also meet all City policies.

Standardization

When supplies, equipment, or services are uniformly adopted or otherwise standardized, or when an item is designated to match others in use by the City, the purchase may be exempt from bidding requirements or be made with limited competition to distributors of the manufacturer of the standardized item. Compatibility issues between differing technologies will also be considered for exception.

Emergencies

The item(s) purchased *are immediately necessary* for:

- The continued operation of the office or department involved; or
- Are immediately necessary for the preservation of life or property.

Technically, an emergency need is one that could not have been foreseen. Failure to submit a proper documentation on time does NOT constitute a valid emergency.

Contracted City Staff

The City of Farmersville is a small municipality that is dependent upon contracted professional staff to fill staff positions normally performed by in-house staff in larger agencies, such as City Engineer or City Planner. Therefore, an exception to the normal bidding process may apply when using contracted professional staff in their role as the City representative, in their respective field, under their existing contract. The task order will still be subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

Pre-Qualified List of Contractors

The City of Farmersville wants to promote fairness and equality in bidding but also guard public funds from waste by avoiding awards to unqualified or under-qualified contractors that may respond with a lowest bid on a public project. Given the rural nature of the City, the bidding pool of contractors may be insufficient to meet quality standards of certain City projects. By establishing a pre-qualified list of contractors for construction projects the City can manage this risk for appropriate projects. A contractor may be added to the list after going through a vetting process established by the PA or designee. Pre-qualified contractors will be added to a list maintained by the PA or designee(s) for a period of one year. When a project becomes available, and not subject to other bidding requirements from State or Federal funding sources, a contractor from the pre-qualified list may be selected from the list, subject to the authorization and approval process and thresholds laid out in Chapter 2 of this document.

Local Preference

Purchasing goods and services from local vendors is desired because it stimulates the Farmersville economy and recognizes that local vendors are valued members of our community. City staff, exercising good judgement by considering factors such as quality, previous performance, availability, and potential tax revenues to the City will, when practicable, give preference to purchasing locally. All other portions of this policy relative to normal competitive bidding will apply.

A local advantage cannot be considered for Federal funded contracts. For more information see Uniform Guidance 2 CFR Ch. II §200.319 (7)(b).

A local advantage cannot be considered for State funded contracts due to increasingly strict State requirements mirroring Federal standards (e.g. CalTrans funded programs).

Miscellaneous

- Formal competition has failed
- A procurement made from another unit of government
- Procurement of used item is advantageous
- Public utilities (Gov Code 4217)
- Legal services
- Medical services

Unauthorized Purchases

Except for emergencies or other authorized exceptions, no purchases can be made or are authorized until funds have been encumbered by the Finance Department.

Usually, an unauthorized purchase is discovered when a department submits a documentation to cover a purchase (goods or services) that has already been delivered. Should a department make an unauthorized purchase, the department is issued a warning.

If a second violation occurs, a memorandum is sent stating that the Finance department will process the payment, after receipt of a written explanation.

If a third violation occurs, a memorandum is sent stating that the Finance department will not process the request / invoice. The department is advised approval must be sought from the City Council, or the employee can be personally responsible for the charges.

Written Contracts

City staff will typically require a written contract when the cost of the services, and in some cases goods, exceeds \$50,000. New construction contracts are needed for projects exceeding \$100,000.

The City of Farmersville prefers to use a **Standard Services Contract** and will provide it to departments upon request. The standard contract has been approved by the City Attorney and Risk Management. Use of any contract other than the standard contract, or making material changes to the standard contract, will require City Attorney approval.

Insurance Requirements

The City requires that contractors have, and maintain, certain types of insurance coverage when they enter into contractual agreements to perform services.

Insurance requirements vary depending on the type/scope of services provided. In certain cases, the contractor will need to provide insurance coverage, whether or not the contract requires the vendor to enter City property.

A Recommended Insurance Coverage Matrix has been developed to assist with the determination by Risk Management and is attached to this policy for reference.

Proof of insurance must be provided prior to the start of any work.

The following are the most commonly required types of coverage.

- **Commercial General Liability:** The City should be added, by endorsement, as an “additional insured.”
- **Automobile Liability:** Is required if driving or traveling is required in providing the contracted services If the vendor/contractor has employees but no vehicles registered to the business (non-owned and hired automobile liability coverage should be provided).
- **Workers’ Compensation:** Contractors working on City property must first provide proof of Workers’ Compensation for all employees working on the job site. Requirement may be waived if the vendor is a sole proprietor/partner/corporate officer with no employees.
- **Professional Liability (Errors and Omissions):** Is required for certain services – including but not limited to – appraisers, notaries, software programmers, auditors, lawyers, insurance agents, surveyors, dentists, doctors, nurses, counselors, engineers, etc.

Prevailing Wages

In accordance with Labor Code Sections 1770-1773, prevailing wages must be paid to all workers on a “public works” project (see Glossary for definition) when the project is over \$1,000.

When bidding on public works projects that exceed \$1,000, under the law, all bidders are expected to use the same wage rates. The California Department of Industrial Relations determines the prevailing rate of wages for specific geographic areas. Additional information is available at www.dir.ca.gov/dlsr/pwd/index.htm.

Surety and Performance Bonds

Bid Bonds

The bid bond guarantees the City that the bidder will enter into the contract if it is awarded. Bid security shall be required for all construction work bids when the cost is estimated to exceed \$25,000. Bids must be accompanied by a Bid Security in the amount of not less than 10% of the amount bid in one of the following forms:

- Cash
- A cashier's check made payable to the City of Farmersville
- A certified check made payable to the City of Farmersville
- A bidder's bond executed by an admitted surety insurer, made payable to the City of Farmersville

Upon an award to the lowest responsive and responsible bidder, the security of an unsuccessful bidder shall be returned in a reasonable period, but in no event shall that security be held by the City beyond 60 days from the time the award is made.

A bid received and not accompanied by cash, cashier's check, certified check, or

approved bond will result in return of the bid without consideration.

Bid security is optional for other bids or proposals.

Performance and Payment Bonds

The performance bond guarantees that the contractor will perform the duties assumed by entering the contract. The payment bond guarantees that the contractor will pay all suppliers and subcontractors who assist in the performance of the work.

One hundred percent (100%) performance and payment bonds are required on all public works projects awarded in excess of \$25,000.

Performance and payment bonds are optional for other bids or proposals. In most instances, bonds are not necessary if a contractor has been selected after a thorough review of references, qualifications, and financial stability.

Settlements and Other Agreements

\$1 to \$25,000 – Administrative Process

The City Manager must act on behalf of the City with regard to settlements and other legal agreements where expeditious action would be of great benefit to the City. Because the City is largely self-insured through the Central San Joaquin Valley Risk Management Authority (CSJVRMA) with self-insured retention (SIR) limits of \$25,000 or more, the City Manager can act to settle disputes and other agreements up to the \$25,000 limit. The City Manager shall report the action to the Mayor at their earliest convenience and to the Council as a whole by the next regular Council Meeting available.

Over \$25,000 – City Councils' Approval

All other claims and disputes related to liability, property, or workers' compensation are taken over by the CSJVRMA at the point that the cost surpasses the SIR limit of the City. In cases where the Memorandum of Coverage (MOC) through the CSJVRMA does not apply, and the cost exceeds \$25,000 the City Manager must gain approval from the City Council to make settlement.

Outside Legal Services

Where it is necessary, as in the case where the City Attorney has a conflict of interest, or when it is deemed desirable because specialized legal expertise is required from the private sector, outside legal counsel may be retained by contract, subject to the following limitations:

- All contracts for outside legal services in excess of fifty thousand dollars (\$50,000) shall be approved by the City Council.
- Contracts for such services, which do not exceed fifty thousand dollars

(\$50,000), are within the Purchasing Agent's authority, but are subject to prior written approval of the City Attorney.

Compliance is provided by way of a memo from the City Attorney annually.

Quick Reference

Chapter 3 – Procurement Methods

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Council Approval	26
Procurement Credit Card	26
Accounts Payable Process	26

3

Procurement Methods

Chapter Objective: Review of methods used in the acquisition of products and services.

Council Approval

As stated earlier in this guide, the City Council, through the Purchases Ordinance, delegates contracting authority to the City Purchasing Agent. That authority is limited to \$100,000 when contracting for services (\$200,000 for construction services). Therefore, departments have the option to obtain Councils' approval for certain large-dollar contracts. The Mayor signs the contract on behalf of the City. Any required encumbrance or appropriation is setup, by the Finance Department.

Procurement Credit Cards

The Procurement Bank Card eliminates the many steps in the procurement process and facilitates one payment to the bank on a monthly basis, instead of individual payments to a large number of vendors.

This procurement method is typically to be used for low-dollar purchases (under \$10,000) and must be approved by the City Manager or Department Head, with complete documentation of the completed transaction, reconciled monthly by the Finance Department.

Procurement cards have unique controls that ensure purchases made are within program specifications for product and dollar limits. In addition, each cardholder requires certification of all purchases with verification performed by the approving official, before payment is made. Cardholders must sign a participation agreement accepting the terms and conditions placed on card usage.

Accounts Payable Process

The most common procedure for processing payments for the City of Farmersville is through decentralized purchasing authority granted by the Purchasing Agent to department heads and then payment to the vendor is made through the centralized Accounts Payable process in the Finance Department.

Most payments are still made by check to make reconciliation and request for reimbursement through grants and other funding sources the clearest to all invested parties. Some

reoccurring payments are made by ACH by the Accounts Payable clerk.

Invoices and Pay Estimates

As purchases are made by authorized designees, it is their responsibility to receive a copy of the invoice or receipt of purchase and forward this to the Department Head for account coding and approval or directly to Accounts Payable clerk, as appropriate. Accounts Payable will not pay from statements or work orders – only invoices and pay estimates (for large construction projects).

Many invoices are reoccurring in nature and may come directly to the Finance Department or the Accounts Payable Clerk. In these situations, the invoices will be routed back to each purchasing authority (Department Head) for coding and payment approval.

Coding and Approval

All invoices must have appropriate coding and approval from the purchasing department head or City Manager before payment will be processed. Certain exceptions for common, reoccurring payments as indicated in the municipal code, are permitted.

Submission for Payment

Invoices need to be submitted to the Finance Department on a timely basis so that payment can be effective and efficient. Sufficient back-up needs to be included prior to submission including invoices, estimates, GSA per diem calculations and other supporting documentation to prove authority to purchase as well as proof of purchase and/or receipt of goods and/or services.

Accounts Payable Process

Invoices and Pay Estimates are received by the Finance department daily by mail, email, courier, FAX, in-person, from other departments, and internally. These documents are sorted, routed, and received back with budgetary coding and approvals as appropriate. All other issues are returned or routed to the City Manager depending upon the issue, frequency, or severity of the issue.

Once gathered together the Accounts Payable clerk assembles the invoices together and creates cover sheets for uniform coding and organization of the batch. This batch is provided to the Finance Director who reviews the invoices and approves or denies them for payment. The approved invoices are then entered into the system to create a batch for payment. This is put through the distribution process and checks are created. Checks are then matched up with the supporting invoices and documents, compared to the batch reported and signed by the Finance Director and the Mayor or Mayor Pro Tem. The invoice batch, cover sheets and checks are scanned and saved for record keeping and audit purposes.

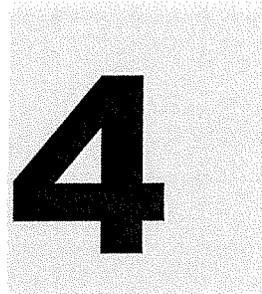
Exceptions to Check Writing

Some reoccurring payments (utility bills and ancillary payroll benefits) are paid through websites or electronically by admin staff as part of the payroll or typically monthly accounts payable process. These transactions are approved and submitted to Accounts Payable clerk to enter into the system in an "ACH batch" to record the transaction. The payments are reconciled monthly with the bank reconciliation process.

Quick Reference

Chapter 4 –Purchase Orders

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What is a Purchase Order?	29
One-Time Purchase Orders	29



Purchase Orders

Chapter Objective: Review of purchase order nomenclature, and the process for using and approving POs.

What is a Purchase Order?

A purchase order authorizes the vendor to deliver materials or services in accordance with the terms and conditions specified thereon (or incorporated from a bid or other document by reference). It also acknowledges the obligation of the City to pay for the goods or services ordered, upon their receipt and proper invoice. Unless a separate contract document is executed, the purchase order establishes the contractual relationship between the City and the vendor. A purchase order is a legally binding contract.

The purchase order is the City's commitment for the value of the material or service ordered. It is a legal document. When a purchase order is issued as an acceptance of a bid, quotation, or offer, a contractual relationship is established.

One-Time Purchase Orders

The City of Farmersville utilizes "One-time" purchase orders that are generally issued for a finite quantity of products, or services; i.e., large equipment purchases, and one-time projects. Encumbered funds may, with certain restrictions, be carried forward into the next fiscal year.

Purchase orders will be required in the following situations:

- Commodities (Materials & Equipment) over \$75,000

Purchase orders will not be required in the case that contracts are in place. Typically, contracts are used in procurement of services at the following thresholds:

- Services (Non-Construction) will be completed by contract over \$100,000
- Services (Construction) will be completed by contract over \$200,000

Quick Reference

Chapter 5 – Vendor Issues

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Vendor/Supplier Mailing List	31
Accepting Deliveries from Vendors	31
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Vendor Issues

Chapter Objective: Provide guidelines for dealing with vendors and vendor-related issues.

Making Contact with Vendors

Vendors sometimes call on City departments and divisions. Although they may offer helpful information, they may also subject City employees to high-pressure sales pitches. Please direct vendors to the City Clerk. The Clerk will gather information about their products and services and give them applications for inclusion in the City's Supplier Mailing List.

Making Commitments to Purchase

Because the City, like all public agencies, buys goods on an open competitive basis, employees / Commissioners / Council Members must *not* promise any vendor future business.

Vendor / Supplier Mailing List

The City Clerk maintains a list of suppliers for all classes of commodities and services that are regularly purchased by the City. Departments should refer all new suppliers to the City Clerk to be added to the list.

Accepting Deliveries from Vendors

Deliveries are usually made as follows:

City Hall: Packages delivered to City Hall are inspected for visible external damage, such as dents or punctures in packaging, water damage, etc. If such damage is discovered, it is noted on the delivering carrier's bill of lading, and the department is notified. All other inspections are the responsibility of the ordering department.

Received at User Location: When goods are received directly by the department, the following procedures should be observed:

- Avoid accepting delivery of any merchandise until adequate identification from the

packaging or delivery documents (carrier's receipt) is obtained. A packing slip or other suitable identification indicating the merchandise should be delivered to the department must be in evidence before the shipment is accepted.

- Sign only for the number of boxes or parcels which are received from that carrier, and are listed on the delivery documents that accompany the delivery.
- The receiver is not signing as to the condition of the merchandise inside the box or parcel. However, the receiver should note any exterior damage, including unsealed packaging, on the delivery documents before signing. The receiver should not refuse a shipment because of apparent damage. This may result in storage fees being charged to the City.
- In cases of known damage (apparent at time of delivery):
 - ⇒ Note on both copies of delivery documents "case damaged in shipment" and, if the item is visible and the damage is visible, also include "item visibly damaged"
 - ⇒ Obtain signature from carrier on both copies of delivery documents before signing for receipt
 - ⇒ Return one copy of receipt to carrier
 - ⇒ Contact the vendor immediately

Inspection: Thorough inspection of goods is the responsibility of the ordering department. This includes inspection for conformance to specifications and ordered quantity, as well as inspection for damage. ***The department has the ultimate responsibility*** for determining whether the items have been received in good order.

- Goods received should be checked promptly against the packing slip and the purchase order. Partial deliveries should be noted.
- If goods are damaged, the vendor should be notified immediately. Do not destroy or discard any damaged items or packing materials.
- Departments receiving incorrect shipments or damaged goods may wish to complete a Vendor Complaint form detailing the problem and return the form to Procurement Services or download the form from the GSA Procurement Services' intranet website.
- The ordering department is obligated to accept delivery of any goods that have been ordered. If there is a change regarding need for the items, the department should immediately contact Procurement Services to make other arrangements. Only Procurement Services has the authority to cancel purchase orders. It should be realized that there might be a restocking charge if items must be returned through no fault of the vendor. The City's failure to accept and pay for ordered goods is a breach of contract.

Making Payment to Vendors

Payments should be made within the terms of the purchase order or agreement. Customary payment terms for the City are Net 30 Days, from receipt of invoice, for goods/services received. Advance payments should be avoided. Invoices should be reviewed carefully, signed by the appropriate department authority, coded with the correct account code, and forwarded to Accounts Payable.

Some vendors offer discounts if their invoices are paid promptly. To take advantage of these early-payment discounts and to maintain good vendor relations, it is important that all invoices, packing slips, and receiving reports be forwarded to the Finance Department as soon as possible.

Questions regarding payment of invoices should be addressed to the Finance Department.

Quick Reference

Chapter 6 – Glossary

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6

Glossary of Procurement Terms

- ***Brand Name Or Equal Specifications.*** A specification limited to one or more items by manufacturers' names or catalog numbers to describe the standard of quality, performance, and other salient characteristics needed to meet City requirements, and which provides for the submission of equivalent products.
- ***Brand Name Specifications.*** A specification limited to one or more items by manufacturers' names or catalog numbers.
- ***Business.*** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
- ***Business, Local.*** Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity, which maintains a physical working office within the geographic boundaries of the City of Farmersville.
- ***Buyer.*** A professionally trained person employed by Procurement Services to obtain materials and services for City departments, in accordance with all state and local laws and internal City policies and procedures.
- ***Change Order.*** A written order signed and issued by the Purchasing Agent, or his designee, directing the supplier or contractor to make changes or modifications to an order. The change order may make written alteration to the specifications, delivery point, rate of delivery, period of performance, price, quality, quantity, or other provisions of the contract.
- ***Contract.*** Any authorized City agreement, regardless of what it is called (purchase order, contract, etc.), for the procurement of supplies, equipment, services, or construction.
- ***Contractor.*** Any person having a contract with the City.
- ***Construction.*** The erection or assembly of large structures. The term construction is, to a significant degree, synonymous with building, but in common usage it most often is applied to such major works as buildings, ships, aircraft, and public works such as roads, dams, and bridges.

- **Price Analysis.** The evaluation of price data, without analysis of the separate cost components and profit as in cost analysis, which may assist in arriving at prices to be paid and costs to be reimbursed.
- **Pricing Data.** Information concerning prices for items substantially similar to those being procured. Prices in this definition refer to offered or proposed selling prices, historical selling prices and current selling prices. The definition refers to data relevant to both prime and sub-contract prices.
- **Procurement.** The buying, purchasing, renting, leasing, trading, or otherwise acquiring of any supplies, equipment, services, or construction. It also includes all functions that pertain to the obtaining of any supplies, equipment, services, or construction, including descriptions of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- **Procurement Policy.** Procurement governing document approved by resolution by the City Council of Farmersville.
- **Public Works Project.** As defined in Public Contract Code § 20150.2, "public project" means: a project for the erection, improvement, and repair of public buildings and works.
- **Purchase Order.** City's commitment for the value of the material or service ordered. It is a legal document.
- **Request for Proposals.** All documents, whether attached or incorporated by reference, utilized for soliciting proposals. Requests for Proposals (RFP) are generally awarded based on several evaluation factors, including price.
- **Requesting Department.** Any department, commission, board, or agency requiring supplies, equipment, services, or construction.
- **Responsible Bidder or Offeror.** A person who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, reliability, capacity, facilities, equipment, and credit which will assure good faith performance, and who has submitted a bid that conforms in all material respects to the requirements set forth in the solicitation.
- **Services.** The furnishing of labor, time, or effort by a contractor, not involving delivery of a specific product other than reports which are merely incidental to the required performance.
- **Specification** Any description or scope of work of the physical or functional characteristics or of the nature of supplies, equipment, service, or construction. It may include a description of any requirement for inspection, testing or delivery of supplies, equipment, services, or construction.
- **Supplier List.** A list of potential bidders, listed by commodity codes for materials and services furnished.

- **Cost Analysis.** The evaluation of cost data for arriving at costs actually incurred or estimates of costs to be incurred, prices to be paid, and costs to be reimbursed.
- **Cost Data.** Factual information concerning the cost of labor, material, overhead, and other cost elements that are expected to be incurred, or which have been actually incurred, by the contractor in performing the contract; or that are expected to be incurred by the City in the use of the equipment or material to be purchased.
- **Cost Reimbursement Contract.** A contract under which a contractor is reimbursed for costs which are allowable and allocable in accordance with the contract terms and the provisions, and a fee or profit, if any.
- **Emergency Purchase Order.** An emergency purchase order results when a situation arises in which compliance with normal procurement practice is impracticable or contrary to the public interest.
- **Employee.** An individual drawing a salary or wages from the City, whether elected or not; any non-compensated individual performing personal services for the City or any department, agency, commission, council, board, or any other entity established by the executive or legislative branch of the City; and any non-compensated individual serving as an elected official of the City.
- **Fixed Asset.** All City equipment and other assets with a purchase price of \$5,000 or more, including tax and delivery, and relatively permanent.
- **Formal Bids.** Formal bids are those that are obtained by written solicitation. The bids are received in writing by a set date and time. The bids are publicly opened by Procurement Services. The written bids and the bid summary are maintained by Procurement Services.
- **Gratuity.** A payment, loan, subscription, advance, deposit of money, service, or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is received
- **Immediate Family.** A spouse, children, parents, brothers, and sisters.
- **Informal Quotes.** Informal quotes are offers made by vendors. The quotes may be verbal, electronic, or written. The Buyer maintains a summary of the quotes received.
- **Invitation for Bids.** All documents, whether attached or incorporated by reference utilized for soliciting sealed bids. Invitations for Bids (IFB) are awarded to the lowest responsive and responsible bidder(s).
- **Local Business.** (See Business, Local).
- **Personal Services Contract.** An accepted means for providing specialized tasks, which cannot be as effectively accomplished by the regular work force.
- **Prevailing Wage.** In accordance with Labor Code Sections 1770-1773 prevailing wages must be paid to all workers on a "public works" project when the project is over \$1,000.

Appendix A:

Risk Matrix

RISK MATRIX
&
INSURANCE
LANGUAGE

YORK RISK SERVICES

Revised July 2019

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Exhibit 1

Risk Matrix Definitions

(Determine Risk Category by evaluating all factors that could increase the agency's liability for that particular project. Once Risk Category is determined, utilize Exhibit 2 to select insurance terms.)

Risk Category	Risk Level	Examples
1	Low	<ul style="list-style-type: none">• Vending machine providers• Facilities use• Special events• Some professional service providers• General contracts
2	Intermediate	<ul style="list-style-type: none">• Construction contracts• Some professional service providers• Technology consultants• Facilities use• Special events
3	High	<ul style="list-style-type: none">• Major construction contracts• Garbage haulers• Some professional service providers
Other	Undefined	<ul style="list-style-type: none">• The risk is unique• Custom insurance requirements needed

Exhibit 2
Risk Matrix

("+ " = Limits may need to increase for Risk Categories 2 & 3, depending on the project.)

Risk Category	Workers' Compensation	General Liability	Auto Liability
1	Statutory Employer's Liability \$1,000,000	\$2,000,000 per occurrence (may accept \$1,000,000 per occurrence for lower risks) \$4,000,000 general aggregate \$1,000,000 products/completed operations aggregate	\$2,000,000 Combined Single Limit (may accept \$1,000,000 for lower risks)
2	Statutory Employer's Liability \$1,000,000	\$2,000,000+ per occurrence \$4,000,000+ general aggregate \$2,000,000+ products/completed operations aggregate	\$2,000,000+ Combined Single Limit
3	Statutory Employer's Liability \$1,000,000	\$5,000,000+ per occurrence \$10,000,000+ general aggregate \$5,000,000+ products/completed operations aggregate	\$5,000,000+ Combined Single Limit
Other	Consult with Risk Management Professionals	Consult with Risk Management Professionals	Consult with Risk Management Professionals

Language Templates for Risk Categories 1-3

1. Category 1 “Low Risk”

Insurance Requirements

i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor’s general liability policies shall be primary and shall not seek contribution from the City’s coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.
- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
- c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer’s liability.
- d. Coverage shall contain a waiver of subrogation in favor of the City.

ii. Business Automobile Liability

- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.

iii. Workers’ Compensation and Employers’ Liability

- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

iv. All Coverages

- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.

2. Category 2 "Intermediate Risk"

Insurance Requirements

i. Commercial General Liability

- a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than two million dollars (\$2,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall

be twice the required occurrence limit. Vendor's general liability policies shall be primary and shall not seek contribution from the City's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
- c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- d. Coverage shall contain a waiver of subrogation in favor of the City.

ii. Business Automobile Liability

- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than two million dollars (\$2,000,000) per accident.

iii. Workers' Compensation and Employers' Liability

- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.

iv. All Coverages

- a. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.

- b. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
- c. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.
- d. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an AM Best rating of A- VII or higher.
- e. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a "per subcontractor" or "per consultant" basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

3. Category 3 "High Risk"

Insurance Requirements

- i. Commercial General Liability
 - a. Vendor shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than five million dollars (\$5,000,000) per occurrence for bodily injury, personal injury, and property damage, including without limitation, blanket contractual liability. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit. Vendor's general liability policies shall be primary and shall not seek contribution from the City's coverage, and be endorsed using Insurance Services Office form CG 20 10 (or equivalent) to provide that City and its officers, officials, employees, and agents shall be additional insureds under such policies. For construction projects, an endorsement providing completed operations coverage for the additional insured, ISO form CG 20 37 (or equivalent), is also required.

- b. Any failure to comply with reporting provisions of the policies by Vendor shall not affect coverage provided the City.
 - c. Coverage shall state that Vendor insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - d. Coverage shall contain a waiver of subrogation in favor of the City.
- ii. Business Automobile Liability
- a. Vendor shall provide auto liability coverage for owned, non-owned, and hired autos using ISO Business Auto Coverage form CA 00 01 (or equivalent) with a limit of no less than five million dollars (\$5,000,000) per accident.
- iii. Workers' Compensation and Employers' Liability
- a. Vendor shall maintain Workers' Compensation Insurance and Employer's Liability Insurance with limits of at least one million dollars (\$1,000,000). Vendor shall submit to City, along with the certificate of insurance, a waiver of subrogation endorsement in favor of City, its officers, agents, employees, and volunteers.
- iv. All Coverages
- f. Each insurance policy required by the agreement shall be endorsed to state that coverage shall not be suspended, voided, cancelled, or reduced in limits except after thirty (30) days' prior written notice has been given to the City, except that ten (10) days' prior written notice shall apply in the event of cancellation for nonpayment of premium.
 - g. All self-insurance, self-insured retentions, and deductibles must be declared and approved by the City.
 - h. Evidence of Insurance - Prior to commencement of work, the Vendor shall furnish the City with certificates, additional insured endorsements, and waivers of subrogation evidencing compliance with the insurance requirements above. The Vendor must agree to provide complete, certified copies of all required insurance policies if requested by the City.

- i. Acceptability of Insurers - Insurance shall be placed with insurers admitted in the State of California and with an A.M. Best rating of A- VII or higher.

- j. Subcontractors and Consultants - A category of risk and the applicable insurance requirements will be determined on a “per subcontractor” or “per consultant” basis, considering the particular work to be done by the subcontractor or consultant and the interrelationship of that work to other work being conducted by the Vendor.

Exhibit 3
Ancillary Coverage Requirements

Contract Activity Involved	Professional Liability	Pollution Liability	Builders Risk	Aircraft Liability	Cyber Liability	Installation Floater
Construction or Remodeling Projects - Construction or remodeling projects		X	X			X
Hazardous or Waste Materials - Removal of asbestos or lead-based paint; or the use, application, transport, removal, cleanup, or disposal of hazardous material in quantities of 100 gallons or more; or the disposal, treatment, transport, or storage of waste.		X				
Installation of Equipment						X
Professional Service Provider - Services from an accountant, architect, attorney, claims administration firm, consultant, insurance broker, engineer, financial advisor, medical professional, or other person who maintains a professional license.	X					
Technology Vendor	X				X	
Use of Aircraft or Helicopter				X		

1. The following are suggested insurance language if Ancillary Coverages are recommended. Please consult with the Risk Manager for customized limits and language for specific circumstances.

a. Aircraft Liability Insurance

- i. Aircraft liability insurance coverage shall provide limits of \$5,000,000 - \$10,000,000 per accident.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as additional insureds.

b. Builders Risk Insurance

- i. Contractor shall obtain and maintain Builders Risk/Course of Construction insurance. Policy shall be provided for replacement value on an "all-risk" basis, including earthquake and flood. The City shall be named as Loss Payee on the policy and there shall be no coinsurance penalty provision in any such policy. Policy must include: (1) coverage for removal of debris, and insuring the buildings, structures, machinery, equipment, materials, facilities, fixtures, and all other properties constituting a part of the project; (2) "Installation Floater" coverage with limits sufficient to insure the full replacement value of any property or equipment stored either on or off the project site. Such insurance shall be on a form acceptable to City to ensure adequacy of terms and limits. Contractor shall not be required to maintain property insurance for any portion of the Project following transfer of control thereof to City.

c. Cyber Liability Insurance

- i. Cyber Liability Insurance with limits not less than \$1,000,000 per claim.
- ii. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Vendor in this agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion, and network security.

- iii. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties, and credit monitoring expenses with limits sufficient to respond to these obligations.

d. Pollution Liability Insurance

- i. Pollution Coverage shall be provided for liability arising out of sudden, accidental and gradual pollution and remediation. The policy limit shall be no less than two million dollars (\$2,000,000) per claim. All activities contemplated in this agreement shall be specifically scheduled on the policy as "covered operations." The policy shall provide coverage for the hauling of waste from the project site to the final disposal location, including non-owned disposal sites.
- ii. The policy shall be endorsed to include the City, its officers, employees, and agents as insureds.

e. Professional Liability Insurance

- i. Contractor shall maintain professional liability insurance that insures against professional errors and omissions that may be made in performing the Services to be rendered in connection with this Agreement, in the minimum amount of two million dollars (\$2,000,000) per claim and in the aggregate. Any policy inception date, continuity date, or retroactive date must be before the effective date of this agreement, and Contractor agrees to maintain continuous coverage through a period no less than three years after completion of the services required by this agreement.

Appendix B:

Approval Memo

PURCHASE APPROVAL MEMO

TO:

FROM:

DATE:

SUBJECT: REQUEST FOR PURCHASE APPROVAL

Please accept this memo for formal approval for purchase of the following item(s):

Description	
Vendor	
Capital Budget ID#	
Budgeted Amount	
Total Cost	
Account Code	

REQUEST STATUS:	APPROVED ()	DENIED ()
SIGNED:		
DATE:		
FINANCE CHECK:		

This memo to be attached to Accounts Payable back-up for each payment.

Appendix C:

Purchase Order

Appendix D:

CUCCAC Manual



State of California

Cost Accounting Policies and Procedures Manual

2019 Edition

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FOREWORD

The Uniform Public Construction Cost Accounting Act (Act), enacted in 1983 under Public Contract Code section 22000 et seq., allows local agencies to perform public project work of up to \$60,000 with their own workforces if the agencies elect to follow the cost accounting procedures set forth in the *Cost Accounting Policies and Procedures Manual* by the California Uniform Construction Cost Accounting Commission.

Every five years, the California Uniform Construction Cost Accounting Commission reviews the informal bid limits for inflation and other factors to determine whether adjustments should be made. If an adjustment is made, the State Controller notifies the affected public agencies. The adjustment may become effective before it appears as a formal change in the Public Contract Code pursuant to Public Contract Code section 22020. The most recently posted bid limits can be found at www.sco.ca.gov/ard_cuccac.html titled under New Informal Bid Limit Increase (Pursuant to PCC 22032)

Any local agency can voluntarily elect to become a participating agency of the Act. Local agencies include cities, counties, redevelopment agencies, special districts, school districts, and community college districts. Participating agencies benefit from the raised force account limit and the informal bidding procedures. More projects are completed in a timely manner as a result of the streamlines awards process and the reduction in paperwork related to advertising and report filing.

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California Uniform Construction Cost Accounting Commission

Cost Accounting Policies and Procedures Manual

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CHAPTER 1 INFORMATION FOR ADOPTION AND IMPLEMENTATION OF THE CALIFORNIA UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

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CHAPTER 1 Information for Adoption and Implementation of the California Uniform Public Construction Cost Accounting Act

Instructions for Adoption and Implementation of the Uniform Construction Cost Accounting Procedures

1.01 Instructions for Adoption and Implementation of the Uniform Public Construction Cost Accounting Act (ACT) by Local Agencies

- 1) The Governing Board must elect by resolution to become subject to the uniform construction cost accounting procedures promulgated by the State Controller pursuant to the Public Contract Code section 22019. The resolution shall specify that the local agency will meet the requirements prescribed in the California Uniform Construction Cost Accounting Commission’s *Cost Accounting Policies and Procedures Manual* and state the effective date the agency will implement the accounting and bidding procedures.
- 2) The local agency must notify the State Controller in writing of the election to become subject to the uniform construction cost accounting procedures along with a copy of the resolution mailed to the following address:

Office of the State Controller
Local Government Programs and Services Division
Local Government Policy Section
P.O. Box 942850
Sacramento CA 94250

- 3) When a local agency elects to become subject to the uniform construction cost accounting procedures, the entire entity is considered subject to the Act and no departments will be exempt. However, Special Districts which are governed by a board of supervisors or city council are subject only if a separate election is made.
- 4) An informal bidding ordinance, or a board adopted policy equivalent to such as required by the participating agency, shall be enacted pursuant to Public Contract Code section 22034.
- 5) Once opting into the Act, participating agencies must always adhere to the terms of the Act until such time the agency formally opts out by resolution of its governing board. Having opted in, selective adherence to the terms of the Act is a violation.
- 6) The governing board may discontinue the agency’s participation under the uniform public construction cost accounting procedures by adopting a resolution stating this fact. A copy of the resolution shall be filed with the State Controller.
- 7) The State Controller shall notify the California Uniform Construction Cost Accounting Commission (Commission) of all local agencies electing to become subject to the uniform public construction cost accounting procedures. In addition, the Commission shall also be notified of local agencies electing to discontinue participation under these procedures.

1.02 Sample Election Resolution – Model

This sample *Election Resolution* may be used by any public agency's governing body.

RESOLUTION OF THE _____, STATE OF CALIFORNIA IN THE MATTER OF
UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING PROCEDURES

Resolution No. _____

WHEREAS, prior to the passage of Assembly Bill No. 1666, Chapter 1054, Statutes of 1983, which added Chapter 2, commencing with Section 22000, to Part 3 of Division 2 of the Public Contract Code, existing law did not provide a uniform cost accounting standard for construction work performed or contracted by local public agencies; and

WHEREAS, Public Contract Code section 22000 et seq., the Uniform Public Construction Cost Accounting Act, establishes such a uniform cost accounting standard;

WHEREAS, the Commission established under the Act has developed uniform public construction cost accounting procedures for implementation by local public agencies in the performance of or in the contracting for construction of public projects; and

NOW, THEREFORE, BE IT RESOLVED that the _____ of _____, California, hereby elects under Public Contract Code section 22030 to become subject to the uniform public construction cost accounting procedures set forth in the Act and to the Commission's policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended, and directs that the _____ - notify the State Controller forthwith of this election.

This Resolution shall take effect upon its adoption.

PASSED AND ADOPTED this ____ day of _____, _____ by the following vote;

AYES:
NOES: *Insert Seal if Applicable*
ABSENT:

Signature Title

City of _____ County of _____

1.03 Sample Informal Bidding Ordinance

(This *SAMPLE INFORMAL BIDDING ORDINANCE* or *POLICY* indicates action by a county board of supervisors. However, the sample format shall be modified to conform to your governing agency's rules).

ORDINANCE NO. _____
AN ORDINANCE OF THE BOARD OF SUPERVISORS OF THE COUNTY OF _____
ADDING SECTION _____ TO THE ORDINANCE CODE OF THE COUNTY OF _____
TO PROVIDE INFORMAL BIDDING PROCEDURES UNDER THE UNIFORM PUBLIC
CONSTRUCTION COST ACCOUNTING ACT (Section 22000, et seq. of the Public Contract Code)

The Board of Supervisors of the County of _____ do ordain as follows:

SECTION 1

Section _____ is hereby added to the County Code of the County of _____ to provide as follows:

Section _____ Informal Bid Procedures. Public projects, as defined by the Act and in accordance with the limits listed in Section 22032 of the Public Contract Code, may be let to contract by informal procedures as set forth in Section 22032, et seq., of the Public Contract Code.

Section _____ Contractors List. The agency shall comply with the requirements of Public Contract Code Section 22034.

Section _____ Notice Inviting Informal Bids. Where a public project is to be performed which is subject to the provisions of this Ordinance, a notice inviting informal bids shall be circulated using one or both of the following alternatives:

1. Notices inviting informal bids may be mailed, faxes, or emailed to all contractors for the category of work to be bid, as shown on the list developed in accordance with Section _____.
2. Notices inviting informal bids may be mailed to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with section 22036 of the Public Contract Code. Additional contractors and/or construction trade journals may be notified at the discretion of the department/agency soliciting bids, provided however:

(1) If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

Section _____ Award of Contracts

The County Purchasing Agent and the Director of Public Works are each authorized to award informal contracts pursuant to this Section.

SECTION 2

This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once, with the names of the members of the Board of Supervisors voting for and against the same in the _____, a newspaper of general circulation published in the County of _____.

PASSED, APPROVED and ADOPTED by the Board of Supervisors of the County of _____, State of California, this ____ day of _____, by the following vote:

AYES:
NOES:
ABSENT:

Procedure for Establishment and Maintenance of List of Registered Contractors

1.04 Procedure for Establishment and Maintenance of List of Registered Contractors Per Section 22034 of the Public Contract Code

Section 22034 of the Public Contract Code specifies the requirements for mailing, faxing, or emailing notices to contractors for work to be bid under the Act. As specified therein, an agency shall provide notices by electing a), b) or both methods listed as follows:

- a) In lieu of a contractors list, mailing, faxing, or emailing notices to all construction trade journals specified in section 22036
- b) Mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being paid
- c) Both (a) and (b) pursuant to section 22034(a)(1)

In the event an agency elects to provide notice by mailing, faxing, or emailing notices to all contractors on the list established by the agency for the work being bid, the agency shall utilize the following procedure to establish and maintain the list of registered contractors outlined in section 22034 (a)(1):

- a) Notice to contractors shall be provided in accordance with either paragraph (1) or (2), or both.
 - 1) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subdivision shall be completed not less than 10 calendar days before bids are due.
 - 2) The public agency may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in section 22036.
- b) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.
- c) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.
- d) If all bids received are in excess of two hundred thousand dollars (\$200,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand, five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

(Amended by Stats. 2015, Ch. 269, Sec. 29. Effective January 1, 2016.)

1.04.01 Minimum Criteria for Development and Maintenance of the Contractors List Determined by the Commission, pursuant to Public Contract Code section 22034(a)(1)

1. At least once per calendar year, each public agency that has elected to become subject to the Uniform Public Construction Cost Accounting Act and intends to utilize the notice provisions outlined in section 22034(a) shall establish a new list or update its existing list of qualified contractors by mailing, faxing, or emailing written notice to all construction trade journals

designated for that Agency under Section 22036. The notice shall invite all licensed contractors to submit the name of their firm to the Agency for inclusion on the Agency's list of qualified bidders.

2. The notice shall require that the contractor provide:
 - The name and address to which a Notice to Contractors or Proposal should be mailed, faxed, or emailed;
 - A phone number at which the contractor may be reached;
 - The type of work in which the contractor is interested and currently licensed to do (earthwork, pipelines, electrical, painting, general building, etc.);
 - The class of contractor's license(s) held; and
 - The contractor license number(s).
3. Agencies may include any contractor names they so desire on the lists, but lists must include, at minimum, all contractors who have properly provided the Agencies with the information required under #2 above in response to the written notice.

The Commission recommends that Agencies automatically include in their contractors lists the names of all contractors who submitted one or more valid bids to the Agencies.

4. A contractor may have his or her firm added to an Agency's contractors list at any time by providing the required information.

1.05 County-by-County List of Construction Trade Journals

The Commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed, faxed, or emailed notice of all informal and formal construction contracts being bid for work within the specified county per section 22036 of the Public Contract Code.

Per Public Contract Code section 22037, notices inviting formal bids must be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency. In addition, the Commission has determined that all public agencies that adopt and contract under the Act shall be required to mail, email, or fax a notice to the following specified construction trade publications of all formal construction contracts being bid and all invitations to join an agency's qualified bidders list (i.e. the informal bidding list) within the specified county (as provided in sections 22034 and 22037 of the Public Contract Code). The numbers following the name of each county refer to the corresponding numbered trade journals listed starting on page 14.

Users will note that the notification of the trade journals listed in Column B for their county is required. Additionally, the user will have to notify at least two of the trade journals listed in Column C, unless there is only one listed, in which case notification of that trade journal is sufficient. The Commission urges each public agency to select additional publications from its geographical area and include them on its list of publications to be notified. Sample information to be included in the mailed notice to trade journals is listed on page 13.

Note: Users are not required to mail a notice to a trade journal if the trade journal listed under their county is now charging for its services, or is out of business. Instead, the Commission requests that users find some other method of notifying potential contractors of published jobs and how to be added to their informal bidding lists (e.g. internet – county's web page).

COUNTY NAME (A)	TRADE JOURNALS REQUIRED TO BE NOTIFIED (B)	NOTIFY TWO OF THE TRADE JOURNALS LISTED BELOW (C)
ALAMEDA	2, 3	8, 11, 14, 15, 16, 17, 18, 19
ALPINE	2, 3	11
AMADOR	2, 3	11, 13, 20
BUTTE	2, 3	5, 6, 11, 12
CALAVERAS	2, 3	11, 19, 20, 23
COLUSA	2, 3	5, 6, 11
CONTRA COSTA	2, 3	8, 11, 15, 16, 17, 19
DEL NORTE	2, 3	4, 5, 11
EL DORADO	2, 3	10, 11, 12, 13, 16
FRESNO	2, 3	11, 19, 21, 23, 24, 25
GLENN	2, 3	5, 6, 11, 12
HUMBOLDT	2, 3	4, 5, 11
IMPERIAL	2, 3	29, 31
INYO	2, 3	25
KERN	2, 3	21, 23, 24, 25, 26, 31
KINGS	2, 3	21, 23, 24, 25
LAKE	2, 3	4, 5, 7, 8, 11, 16
LASSEN	2, 3	5, 11, 12
LOS ANGELES	2, 3	8, 29, 31, 36
MADERA	2, 3	11, 19, 21, 23
MARIN	2, 3	7, 8
MARIPOSA	2, 3	11, 21, 23
MENDOCINO	2, 3	4, 7, 8, 11, 16
MERCED	2, 3	11, 19, 20, 21, 23
MODOC	2, 3	5, 11
MONO	2, 3	11
MONTEREY	2, 3	11, 18, 22, 26
NAPA	2, 3	7, 8, 9, 11, 16
NEVADA	2, 3	10, 11, 12, 13
ORANGE	2, 3	29, 31, 35
PLACER	2, 3	10, 11, 12, 13, 16
PLUMAS	2, 3	5, 6, 11, 12
RIVERSIDE	2, 3	29, 31, 35
SACRAMENTO	2, 3	5, 8, 10, 11, 12, 13, 16, 19
SAN BENITO	2, 3	11, 22
SAN BERNARDINO	2, 3	29, 31, 35
SAN DIEGO	2, 3	29, 31, 35
SAN FRANCISCO	2, 3	8, 11, 14, 15, 16, 17, 18
SAN JOAQUIN	2, 3	8, 11, 19, 20, 21, 23
SAN LUIS OBISPO	2, 3	22, 25, 26, 27, 31, 36, 37
SAN MATEO	2, 3	8, 14, 15, 17, 18
SANTA BARBARA	2, 3	26, 27, 28, 31, 36, 37
SANTA CLARA	2, 3	8, 11, 14, 15, 16, 17, 18

COUNTY NAME (A)	TRADE JOURNALS REQUIRED TO BE NOTIFIED (B)	NOTIFY TWO OF THE TRADE JOURNALS LISTED BELOW (C)
SANTA CRUZ	2, 3	18, 22
SHASTA	2, 3	4, 5, 11
SIERRA	2, 3	11, 12
SISKIYOU	2, 3	5, 11
SOLANO	2, 3	8, 9, 10, 11, 16, 19
SONOMA	2, 3	7, 8, 11, 16
STANISLAUS	2, 3	11, 19, 20, 21, 23
SUTTER	2, 3	6, 10, 11, 12
TEHAMA	2, 3	5, 11, 12
TRINITY	2, 3	4, 5, 11
TULARE	2, 3	23, 24, 25
TUOLUMNE	2, 3	11, 20, 23
VENTURA	2, 3	27, 31, 36, 37
YOLO	2, 3	8, 10, 11, 13
YUBA	2, 3	6, 10, 11, 12

1.06 Sample Information for Mailed Notice

Following provides the type of information that could be included in the mailed notice to the construction trade journals. This list should be used only as a guide.

- Project title and contract number, if any
- Cost range
- Site location
- Who is taking bids/date and time due
- Owner's address and phone number
- Architect's address and phone number
- Brief description of work to be done
- Where plans may be obtained/deposit required/whether or not refundable
- Percentage of bid bond/percentage of performance bond/percentage of payment bond

1.07 List of Construction Trade Journals

The following organizations have indicated to the Commission that they:

- a) Publish a newsletter or trade journal, on a weekly or more frequent basis, that contains a section listing projects being bid; or provide a telephone notice service to their members.
- b) Do not charge for publishing or otherwise disseminating a Notice to Contractors.

These organizations have indicated to the Commission that they serve subscribers or members in the counties listed to the right of each organization.

Organizations that meet criteria (a) and (b) above may be added to the list, or changes or corrections can be made to the list by contacting:

Office of the State Controller
 Local Government Programs and Services Division
 Local Government Policy Section
 P. O. Box 942850
 Sacramento, CA 94250

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
1 CMD (Construction Market Data) Document Processing Center 30 Technology Parkway South, Suite 100 Norcross, GA 30092-2912 Phone: 800-424-3996 Email: customercare@cmdgroup.com Website www.cmdgroup.com	California
2 Construction Bidboard (Ebidboard) 11622 El Camino Real, #100 San Diego, CA 92130 Phone: 800-479-5314 Email: support@ebidboard.com Website: www.ebidboard.com	California
3 Dodge Data & Analytics 830 Third Avenue, 6 th Floor New York, NY 10022 Phone: 877-784-9556 Email: support@construction.com Website: www.construction.com	California
4 Humboldt Builders' Exchange, Inc. 1213 5th Street Eureka, California 95501 Phone: 707-442-3708 Website: www.humbx.com	Del Norte, Humboldt, Lake, Mendocino, Shasta, and Trinity
5 Shasta Builders' Exchange 5800 Airport Road Redding, CA 96002 Phone: 530-221-5556 Email: info@shastabe.com Website: www.shastabe.com	Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Modoc, Plumas, Sacramento, Shasta, Siskiyou, Tehama, and Trinity

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<p>6 Valley Contractors Exchange, Inc. 951 East Eighth Street Chico, CA 95928 Phone: 530-343-1981 Email: info@vceonline.com Website: www.vceonline.com</p>	<p>Butte, Colusa, Glenn, Plumas, Sutter, and Yuba</p>
<p>7 North Coast Builders Exchange 1030 Apollo Way Santa Rosa, CA 95407 Phone: 707-542-9502 Fax: 707-542-2027 Website: www.ncbeonline.com</p>	<p>Lake, Marin, Mendocino, Napa, and Sonoma</p>
<p>8 Marin Builders Association 660 Las Gallinas Avenue San Rafael, CA 94903 Phone: 415-462-1220 Fax: 415-462-1225 Email: mba@marinbuilders.org Website: www.marinba.org</p>	<p>Alameda, Contra Costa, Lake, Los Angeles, Marin, Mendocino, Napa, Sacramento, San Francisco, San Joaquin, San Mateo, Santa Clara, Solano, Sonoma, and Yolo</p>
<p>9 Solano-Napa Builders Exchange 135 Camino Dorado Napa, CA 94558 Phone: 707-255-2515 Fax: 707-255-2749 Email: membership@snbe.com Website: http://snbe.org</p>	<p>Napa and Solano</p>
<p>10 Sacramento Regional Builders' Exchange 1331 T Street Sacramento, CA 95811 Phone: 916-442-8991 Fax: 916-446-3117 Email: tbrennan@srbx.org Website: www.srbx.org</p>	<p>El Dorado, Nevada, Placer, Sacramento, Solano, Sutter, Yolo, and Yuba</p>
<p>11 Placer County Contractors Association & Builders Exchange 10656 Industrial Avenue, Suite 160 Roseville, CA 95678 Phone: 916-771-7229 Fax: 916-771-0556 Website: www.pccamembers.com</p>	<p>Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Lake, Lassen, Madera, Mariposa, Mendocino, Merced, Modoc, Mono, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, Santa Clara,</p>

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
	Shasta, Sierra, Siskiyou, Stanislaus, Solano, Sonoma, Sutter, Tehama, Trinity, Tuolumne, Yolo, and Yuba
<p>12 Nevada County Contractors' Association 149 Crown Point Court Grass Valley, CA 95945 Phone: 530-274-1919 Email: nccaexec@pacbell.net Website: www.nccabuildingpros.com</p>	Butte, El Dorado, Glenn, Lassen, Nevada, Placer, Plumas, Sacramento, Sierra, Sutter, Tehama, and Yuba
<p>13 El Dorado Builders' Exchange 3430 Robin Lane, Suite 7 Shingle Springs, CA 95682 Phone: 530-672-2955</p>	Amador, El Dorado, Nevada, Placer, Sacramento, and Yolo
<p>14 The San Francisco Builders Exchange 850 South Van Ness Avenue San Francisco, CA 94110-1911 Phone: 415-282-8220 Email: deanna@bxofsf.com Website: www.bxofsf.com</p>	Alameda, San Francisco, San Mateo, and Santa Clara
<p>15 Bay Area Builders Exchange 3055 Alvarado Street San Leandro, CA 94577 Phone: 510-483-8880 Email: info@bayareabx.com Website: www.bayareabx.com</p>	Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara
<p>16 Bay Area Builders Exchange 2440 Stanwell Drive, Suite B Concord, CA 94520 Phone: 925-685-8630 Website: www.bayareabx.com</p>	Alameda, Contra Costa, El Dorado, Lake, Mendocino, Napa, Placer, Sacramento, San Francisco, Santa Clara, Solano, and Sonoma
<p>17 Peninsula Builders Exchange 735 Industrial Road San Carlos, CA 94070 Phone: 650-591-4486 Website: www.safetystar.org/safetystar</p>	Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<p>18 Builders' Exchange of Santa Clara County 400 Reed Street Santa Clara, CA 95050 Phone: 408-727-4000 Fax: 408-727-2779 Website: www.bxscco.com</p>	<p>Alameda, Monterey, San Francisco, San Mateo, Santa Clara, and Santa Cruz</p>
<p>19 Builders' Exchange of Stockton 7500 West Lane Stockton, CA 95210 Phone: 209-478-1000 Email: crobinson@besonline.com Website: www.besonline.com</p>	<p>Alameda, Calaveras, Contra Costa, Fresno, Madera, Merced, Sacramento, San Joaquin, Solano, and Stanislaus</p>
<p>20 Valley Builders Exchange, Inc. 1118 Kansas Avenue Modesto, CA 95351 Phone: 209-522-9031 Email: info@valleybx.com Website: www.valleybx.com</p>	<p>Amador, Calaveras, Merced, San Joaquin, Stanislaus, and Tuolumne</p>
<p>21 Builders Exchange of Merced & Mariposa 646 CA-HWY 59 Merced, CA 95341 Phone: 209-722-3612 Website: www.bxmmm.org</p>	<p>Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, and Stanislaus</p>
<p>22 Central Coast Builders Association 242 East Romie Lane Salinas, CA 93907 Phone: 831-758-1624 Email: staff@ccbabuilds.com Website: www.ccbabuilds.com</p>	<p>Monterey, San Benito, San Luis Obispo, and Santa Cruz</p>
<p>23 Central California Builders Exchange 1244 N. Mariposa Street Fresno, CA 93703 Phone: 559-237-1831 Email: info@cencalbx.com Website: http://cencalbx.com/</p>	<p>Calaveras, Fresno, Kern, Kings, Madera, Mariposa, Merced, San Joaquin, Stanislaus, Tulare, and Tuolumne</p>

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
<p>24 Tulare & Kings Counties Builders Exchange 1223 S. Lovers Lane Visalia, CA 93292 Phone: 559-732-4568 Email: info@tkcbe.com Website: www.tkcbe.com</p>	Fresno, Kern, Kings, and Tulare
<p>25 Kern County Builders' Exchange, Inc. 4310 Ardmore Avenue, Ste. 100 Bakersfield, CA 93309 Phone: 661-324-4921 Website: www.kcbex.com</p>	Kern
<p>26 San Luis Obispo County Builders Exchange 153 Cross Street, #130 San Luis Obispo, CA 93401 Phone: 805-543-7330 Email: info@slocbe.com Website: www.slocbe.com</p>	Kern, Monterey, San Luis Obispo, and Santa Barbara
<p>28 Ventura County Contractors Association 1830 Lockwood Street, No. 110 Oxnard, CA 93036 Phone: 805-981-8088 Email: vcca@vccainc.com Website: www.vccainc.com</p>	Santa Barbara and Ventura
<p>29 Southern California Builders Association 732 N. Diamond Bar Blvd. #224 Diamond Bar, CA 91765 Phone: 909-396-1451 Email: scba@socalbuilders.org Website: www.socalbuilders.org</p>	Imperial, Los Angeles, Orange, Riverside, San Bernardino, and San Diego
<p>30 Construction Data Company 2001 9th Avenue, 2nd Floor Vero Beach, FL 32960 Phone: 800-800-652-0008 Email: service@cdcnews.com Website: www.cdcnews.com</p>	Southern California-Imperial, Kern , Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Luis Obispo, Santa Barbara, and Ventura
<p>31 BidAmerica 41085 Elm Street Murrieta, CA 92562 Phone: 951-677-4819 Email: planroom@bidamerica.com Website: www.BidAmerica.com</p>	California

ORGANIZATION	AREAS OF MEMBERS OR SUBSCRIBERS BY COUNTY
32 Construction Bid Source Interactive 6265 HWY 9 Felton, CA 95018 Phone: 888-786-9450 Website: www.constructionbidsource.com	California
33 Demandstar – Onvia Supplier Services 509 Olive Way, Suite 400 Seattle, WA 98101 Phone: 800-575-1736 Website: www.demandstar.com or Website: www.onvia.com	California
34 Challenge News 1276 Lincoln Avenue, Suite 203 San Jose, CA 95125 Phone: 408-998-2534 Email: challengenews@yahoo.com	California
35 Associated General Contractors of America San Diego Chapter, Inc. 6212 Ferris Square San Diego, CA 92121 Phone: 858-558-7444 Email: planroom@agcsd.org Website: www.agcsd.org	Orange, Riverside, San Bernardino, and San Diego
36 Builders Notebook P.O. Box 4883 Santa Barbara, CA 93140 Phone: 877-776-5436 Email: planroom@buildersnotebook.com Website: www.buildersnotebook.com	Los Angeles, San Luis Obispo, Santa Barbara, and Ventura
37 Tri-Co Reprographics 513 Laguna Street Santa Barbara, CA 93101 Phone: 805-966-1701 Email: sbplots@tricoblue.com Website: www.tricoblue.com	Santa Barbara, Ventura, and San Luis Obispo

Accounting Procedures Review Process

1.08 Accounting Procedures Review

- A. Pursuant to the provisions of Public Contract Code (PCC) §22042, the Commission has adopted the following procedures for conducting an Accounting Procedures Review, where an interested party presents evidence that work undertaken by a public agency falls within any of the following categories:

1. It was performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
 2. It exceeded the force account limit.
 3. It was improperly classified as maintenance.
- B. As used in the Accounting Procedures Review, "interested party" shall mean: a licensed contractor eligible to bid on the public project involved in the review; a labor organization whose members would be eligible to perform work on the public project if it were performed under contract; an association of licensed contractors and/or labor organizations; or a taxpayer of the public agency cited in the account review request.
- C. Request for Accounting Procedures Review
1. Pursuant to PCC §22043(a)(b), in those circumstances as set forth in PCC §22042(a)(b)(c), a request for Commission review shall be in writing. The request shall be sent via certified or registered postal mail, and received by the Commission and/or State Controller's Office (SCO) staff. It should be postmarked no later than eight business days from the date on which the public agency rejected all bids (PCC §22042(a)) or from the date on which an interested party formally complains in writing to the public agency (PCC §22042(b)(c)).
 2. The address for purposes of requesting Commission review is:

CALIFORNIA UNIFORM CONSTRUCTION COST ACCOUNTING COMMISSION
Office of the State Controller
Local Government Programs and Services Division
Local Government Policy Section
P.O. Box 942850
Sacramento, CA 94250
 3. Such written notice from an interested party shall include the following information:
 - (a) The name, address, phone number, and contact person for the interested party.
 - (b) An indication that work undertaken by the public agency falls within one of the following categories:
 - (i) It was performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
 - (ii) It exceeded the force account limits.
 - (iii) It was improperly classified as maintenance.
 - (c) The name, address, and phone number of the public agency involved.
 - (d) The project name and location, and/or project identification number.
 - (e) The bid date and rejection date, if applicable.
 - (f) The low bid dollar amount, if applicable.
 - (g) The agency estimate, if available.
 - (h) Other documentation supporting the request. If the requestor is unable to obtain information from the participating agency, the request should note the fact and include an explanation of the circumstances.
 4. When the request is transmitted to the Commission for review, the interested party shall mail a copy of the request by first class mail, postage prepaid, to the public agency involved.

- D. The Commission shall approve and designate in writing the consultants available to perform the Accounting Procedures Review, if needed. Such consultants shall be prequalified as follows:
1. They shall submit resumes including experience to the Commission for prequalification.
 2. Each applicant shall have at least five years' experience with, and be knowledgeable of, public works construction or accounting under contracts let by public agencies.
 3. They shall submit their schedule of fees required to perform such service.
- E. Immediately upon receipt of a request for Accounting Procedures Review, SCO staff will forward all documentation to the Chairperson. The Chairperson shall assign the request to a working group consisting of two or more Commissioners, not to constitute a quorum. Each working group must have both private and public representations. Any correspondence received by SCO staff during the review will be immediately forwarded to the Chairperson and the members of the working group.
1. The working group may contact either the interested party or the signatory agency involved for additional information. They may also request a statement of the public agency's position regarding the claim being set forth. Participating agencies are required to cooperate with any account reviews pursuant to this Act. Agencies failing to cooperate fully, through either unwillingness or inability, may be found to be non-compliant.
 2. If the work group deems it necessary, it may use SCO Audit Division staff or a consultant deemed qualified for the purpose of this review. The auditor or consultant will conduct a thorough review of the facts surrounding the claim. This review may include any fieldwork deemed necessary by the auditor or consultant. The auditor or consultant shall interview the public agency involved, and submit as a part of the findings a complete statement of the public agency's position regarding the review being conducted.
 3. The auditor or consultant, if involved, shall prepare written findings and a recommended decision within the timeframes established in PCC §22043.
 4. The statutory limit to complete the account review begins on the day that the request is received by SCO. Incomplete review requests may affect the ability of the Commission to render a timely decision. Pursuant to PCC §22043(c), the commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review:
 - (a) Forty-five days for a review that falls within subdivision (a) of §22042; and
 - (b) Ninety days for a review that falls within subdivision (b) or (c) of §22042.During the review of a project that falls within PCC §22042(a), the agency shall not proceed with the project until the final decision is received by the Commission.
- F. The review will be added as an agenda item to be discussed by the Commission at a public meeting held within the timeframe established in PCC §22043. All documentation and correspondence received related to the review will be included. Any documentation and correspondence received after the agenda has been posted to the SCO website will immediately be forwarded to each Commission member and available for public review at the meeting.
- G. The Commission shall review the findings of the work group and, if applicable, the auditor or consultant's report, and render its final decision within the timeframes established in PCC §22043. Within the timeframes established in PCC §22044, a copy of the decision shall be mailed by first class mail, postage prepaid, by SCO staff to the interested party and the public agency involved. A copy shall also be provided to each Commission member and included for information as part of the subsequent Commission meeting agenda.

- H. Decisions on Accounting Procedures Reviews shall be collected and maintained by SCO staff, and shall be available for public inspection during regular working hours. Such decisions may be cited and relied upon by interested parties and public agencies in subsequent reviews.
- I. If the Commission makes findings in accordance with PCC §22043, that the work undertaken by a public agency falls within any of the categories described in §22042, on three separate occasions within a 10-year term, the Commission shall notify the public agency of those findings in writing by certified mail. Public agencies that receive notice of findings on three separate occasions within a 10-year term shall not use the bidding procedures provided by this article for five years from the date of the Commission's findings contained in the third notice within a 10-year term. For the purposes of these review procedures, one investigation resulting in a finding or findings shall equate to one occasion. These review procedures are based on current statutory law.
- J. Changes to statutory law shall be reviewed and automatically adopted into these procedures as deemed appropriate.

Uniform Public Construction Cost Accounting Act

1.09 California Public Contract Code

Chapter 2 Bidding on Public Contracts (The following statute is current as of January 1, 2017)

Article 1. Legislative Intent and Definitions.

Code	Statute
22000 Name of the Act	This chapter shall be known and may be cited as the "Uniform Public Construction Cost Accounting Act."
22001 Legislative Findings and Declaration	The Legislature finds and declares that there is a statewide need to promote uniformity of the cost accounting standards and bidding procedures on construction work performed or contracted by public entities in the state. This chapter provides for the development of cost accounting standards and an alternative method for the bidding of public works projects by public entities.
22001.5 Notice describing chapter provisions to public agencies	On or before January 1, 2009, the State Controller shall send a notice to all public agencies describing the provisions of this chapter and the benefits of using its provisions. This notice shall also be included in any notification issued by the State Controller pursuant to Section 22020.
22002 Definitions	<p>a) "Public agency" for purposes of this chapter, means a city, county, city and county, including chartered cities and chartered counties, any special district, and any other agency of the state for the local performance of governmental or proprietary functions within limited boundaries. "Public agency" also includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.</p> <p>b) "Representatives of the construction industry" for purposes of this chapter, means a general contractor, subcontractor, or labor representative with experience in the field of public works construction.</p> <p>c) "Public project" means any of the following:</p> <ol style="list-style-type: none"> 1) Construction reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility. 2) Painting or repainting of any publicly owned, leased, or operated facility. 3) In the case of a publicly owned utility system, "public project" shall include only the construction erection, improvement, or repair of dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher. <p>d) "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:</p> <ol style="list-style-type: none"> 1) Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes. 2) Minor repainting.

Code	Statute
	<ul style="list-style-type: none"> 3) Resurfacing of streets and highways at less than one inch. 4) Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems. 5) Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher. <p>e) For purposes of this chapter, "facility" means any plant, building, structure, ground facility, utility system, subject to the limitation found in paragraph (3) of subdivision (c), real property, streets and highways, or other public work improvement.</p>
22003 Public Agency Subject to Uniform Cost Accounting Procedures, Bidding Procedures	A public agency which has, by resolution, elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010), may utilize the bidding procedures set forth in Article 3 (commencing with Section 22030) when contracting for "maintenance work," as defined in Section 22002, or when contracting for any other work which does not fall within the definition of "public project," as defined in Section 22002.

Article 2. California Uniform Construction Cost Accounting Commission

Code	Statute
22010 Creation; Membership; Appointment	<p>There is hereby created the California Uniform Construction Cost Accounting Commission. The commission is comprised of 14 members.</p> <p>a) Thirteen of the members shall be appointed by the State Controller as follows:</p> <ul style="list-style-type: none"> 1) Two members who shall each have at least 10 years of experience with, or providing professional services to, a general contracting firm engaged, during that period, in public works construction in California. 2) Two members who shall each have at least 10 years of experience with, or providing professional services to, a firm or firms engaged, during that period, in subcontracting for public works construction in California. 3) Two members who shall each be a member in good standing of, or have provided professional services to, an organized labor union with at least 10 years of experience in public works construction in California. 4) Seven members who shall each be experienced in, and knowledgeable of, public works construction under contracts let by public agencies; two each representing cities, counties, respectively, and two members representing school districts, and one member representing a special district. At least one of the two county representatives shall be a county auditor or his or her designee.

Code	Statute
	<p>b) The member of the Contractors' State License Board who is a general engineering contractor as that term is defined in Section 7056 of the Business and Professions Code shall serve as an ex officio voting member.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 24. Effective January 1, 2016.)</i></p>
22011 Appointment Recommendations	The Controller, in an effort to select highly qualified commission members, shall solicit from organized representatives of the construction industry and public agencies recommendations for appointments to the commission.
22012 Members; Accounting Experience	At least one commission member of the seven representing the construction industry and at least one of the seven representing public agencies shall have previous accounting experience.
22013 Chairperson; Term	The commission members shall select a chairperson from among its membership. The chairperson shall serve as chair for a term of two years from the date of selection. In no event shall two consecutive chairpersons be appointees representing either the construction industry or public agencies.
22014 Members; Term; Vacancies	<p>a) The members of the commission shall hold office for terms of three years, and until their successors are appointed.</p> <p>b) Members may be reappointed, by the Controller, for subsequent terms of three years.</p> <p>c) The Controller may appoint a successor for any commissioner after his or her three-year term expires.</p> <p>d) The Controller shall, within 120 days, appoint a replacement to fill any vacancy on the commission.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 25. Effective January 1, 2016.)</i></p>
22015 Staff; Members' Compensation; Grants	<p>a) The Controller shall make available for the conduct of the commission's business, such staff and other support as does not conflict with the accomplishment of the other business of the office of the Controller</p> <p>b) Each member of the commission shall serve without compensation, but shall be reimbursed for travel and other expenses necessarily incurred in the performance of the member's duties. Reimbursement rates shall conform to the Controller's travel guideline rates.</p> <p>c) The commission may accept grants from federal, state, or local public agencies, or from private foundations or individuals, in order to assist it in carrying out its duties, functions, and powers under this chapter.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 26. Effective January 1, 2016.)</i></p>
22016 Meetings	The commission shall meet not less than once each year, at a time and place chosen by its membership.

Code	Statute
22017 The Commission's Four Principle Duties	<p>The commission shall do all of the following:</p> <ul style="list-style-type: none"> a) After due deliberation and study, recommend for adoption by the Controller, uniform construction cost accounting procedures for implementation by public agencies in the performance of, or in contracting for, construction on public projects. The procedures shall, to the extent deemed feasible and practicable by the commission, incorporate, or be consistent with construction cost accounting procedures and reporting requirements utilized by state and federal agencies on public projects, and be uniformly applicable to all public agencies that elect to utilize the uniform procedures. As part of its deliberations and review, the commission shall take into consideration relevant provisions of the Office of Management and Budget Circular A-76, as periodically revised. b) After due deliberation and study, recommend for adoption by the Controller cost accounting procedures designed especially for implementation by California cities with a population of less than 75,000. The procedures shall incorporate cost accounting and reporting requirements deemed practicable and applicable to all cities under 75,000 population which elect to utilize the uniform procedures. For the purpose of these cost accounting procedures, the following shall apply: <ul style="list-style-type: none"> 1) Cities with a population of less than 75,000 shall assume an overhead rate equal to 20 percent of the total costs of a public project, including the costs of material, equipment, and labor. 2) Cities with a population of more than 75,000 may either calculate an actual overhead rate or assume an overhead rate equal to 30 percent of the total costs of a public project, including the costs of material, equipment, and labor. c) Recommend for adoption by the Controller, procedures and standards for the periodic evaluation and adjustment, as necessary, of the monetary limits specified in Section 22032. d) The commission shall make an annual report to the Legislature with respect to its activities and operations, together with those recommendations as it deems necessary.
	<p><i>(Amended by Stats. 2015, Ch. 269, Sec. 27. Effective January 1, 2016.)</i></p>
22018 Recommended Procedure; Controller's Review	<p>The Controller shall, upon receipt of the commission's recommendations, review and evaluate the recommended procedures and either formally adopt or reject the recommended procedures within 90 days of submission by the commission.</p>
22019 Adoption; Promulgation of Uniform Procedure	<p>Upon determining that the recommended uniform construction cost accounting procedures will serve the best interest of the state and public agencies, and upon formal adoption by the Controller, the Controller shall promulgate the uniform procedure for all public agencies electing to participate, together with instructions for their adoption and implementation by any public agency.</p>

Code	Statute
22020 Five Year Consideration; Material Changes; Adjustments	In accordance with procedures and standards adopted pursuant to Section 22017, every five years the commission shall consider whether there have been material changes in public construction costs and make recommendations to the Controller regarding adjustments in the monetary limits prescribed by Section 22032, but in no case shall the amount, as adjusted, be less than fifteen thousand dollars (\$15,000). The Controller shall notify all participating public agencies of the adjustment prior to the effective date. That notification shall also describe the provisions of this chapter and the benefits of using its provisions.

Article 3. Public Projects; Alternative Procedures

Code	Statute
22030 Application of Article	<p>a) This article applies only to a public agency whose governing board has by resolution elected to become subject to the uniform construction cost accounting procedures set forth in Article 2 (commencing with Section 22010) and which has notified the Controller of that election. In the event of a conflict with any other provision of law relative to bidding procedures, this article shall apply to any public agency which has adopted a resolution and so notified the Controller.</p> <p>b) A county, whether general law or charter, containing a population of less than 500,000 may award individual annual contracts as provided in Section 20128.5. <i>(Amended by Stats. 2015, Ch. 269, Sec 28. Effective January 1, 2016)</i></p>
22031 Alternative Procedures	<p>a) Prior to January 1, 2013, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1.</p> <p>b) On or after January 1, 2013, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1 for both of the following:</p> <ol style="list-style-type: none"> 1) Maintenance and emergency work. 2) New road construction and road reconstruction as long as the total value of the new road construction and the road reconstruction performed under the procedures set forth in subdivision (c) of Section 20395 during a fiscal year does not exceed 30 percent of the total value of all work performed by force account other than maintenance as reported in the Controller's Streets and Roads Annual Report as of March 1 of each year prior to the fiscal year. <p>c) The value of force account work necessary to facilitate capital projects for the purpose of contracting to the private sector, including design, engineering, inspection, testing, and other force account work necessary to administer private contracts, shall be excluded from the 30-percent limit in subdivision (b).</p>

Code	Statute
	<p>d) The value of force account work necessary to facilitate projects performed by county employees, including design, engineering, inspection, testing, and other force account work necessary to administer work performed under subdivision (b), shall apply to the 30-percent limit in subdivision (b).</p> <p>e) On or after January 1, 2013, for a county with a population of less than 50,000, this article shall not prohibit a board of supervisors or a county road commissioner from utilizing, as an alternative to the procedures set forth in this article, the procedures set forth in Article 25 (commencing with Section 20390) of Chapter 1.</p> <p>f) The requirements set forth in Section 22038 shall apply to any county subject to this section.</p> <p>g) Any county board of supervisors or county road commissioner acting pursuant to the authority granted in paragraph (2) of subdivision (b) shall publicly declare its intention to use this authority prior to commencing work. The public declaration may be on a project-by-project basis, via a list of anticipated projects for the fiscal year, or via a list that may be included in the county's annual budget.</p> <p><i>(Amended by Stats. 2014, Ch. 345, Sec. 3. Effective January 1, 2015.)</i></p>
<p>22032 Contracting Procedures; Dollar Amount Limitations</p>	<p>a) Public projects of sixty thousand dollars (\$60,000) or less may be performed by the employees of a public agency by force account, by negotiated contract, or by purchase order.</p> <p>b) Public projects of two hundred thousand dollars (\$200,000) or less may be let to contract by informal procedures as set forth in this article.</p> <p>c) Public projects of more than two hundred thousand dollars (\$200,000) shall, except as otherwise provided in this article, be let to contract by formal bidding procedure.</p> <p><i>76 Op. Atty. Gen. 126, 7-14-93 = Job order contracts - General law county or general law city may not enter into a "job order contract" in excess of \$50,000 for the performance of public projects involving minor construction, and the renovation, alteration, painting, and repair of existing facilities, except under narrowly defined statutory conditions applicable only to counties.</i></p>
<p>22033 Separation of Work orders of Projects; Evasion of Provision of Article</p>	<p>It shall be unlawful to split or separate into smaller work orders or projects any project for the purpose of evading the provisions of this article requiring work to be done by contract after competitive bidding.</p>
<p>22034 Informal Bidding Ordinance</p>	<p>Each public agency that elects to become subject to the uniform construction accounting procedures set forth in Article 2 (commencing with Section 22010) shall enact an informal bidding ordinance to govern the selection of contractors to perform public projects pursuant to subdivision (b) of Section 22032. The ordinance shall include all of the following:</p> <p>a) Notice to contractors shall be provided in accordance with either paragraph (1) or (2), or both.</p>

Code	Statute
	<p>1) The public agency shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be determined by the commission. All contractors on the list for the category of work being bid shall be mailed, faxed, or emailed a notice inviting informal bids unless the product or service is proprietary. All mailing of notices to contractors pursuant to this subdivision shall be completed not less than 10 calendar days before bids are due.</p> <p>2) The public agency may elect to mail, fax, or email a notice inviting informal bids to all construction trade journals specified in Section 22036.</p> <p>b) The notice inviting informal bids shall describe the project in general terms and how to obtain more detailed information about the project, and state the time and place for the submission of bids.</p> <p>c) The governing body of the public agency may delegate the authority to award informal contracts to the public works director, general manager, purchasing agent, or other appropriate person.</p> <p>d) If all bids received are in excess of two hundred thousand dollars (\$200,000), the governing body of the public agency may, by adoption of a resolution by a four-fifths vote, award the contract, at two hundred twelve thousand, five hundred dollars (\$212,500) or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 29. Effective January 1, 2016.)</i></p>
<p>22035 Emergencies</p>	<p>a) In cases of emergency when repair or replacements are necessary, the governing body may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by contractor, or by a combination of the two.</p> <p>b) In case of an emergency, if notice for bids to let contracts will not be given, the public agency shall comply with Chapter 2.5 (commencing with Section 22050).</p>
<p>22035.5 Overcrowded Justice Facilities; Court Ordered Relief; Application of Section 22034</p>	<p>In counties that are under court order to relieve justice facility overcrowding, the procedures and restrictions specified in Section 20134 shall apply to all contracts issued under this chapter.</p>
<p>22036 Determination of Construction Trade Journals to Receive Notice of Informal and Formal</p>	<p>The commission shall determine, on a county-by-county basis, the appropriate construction trade journals which shall receive mailed, faxed, or emailed notice of all informal and formal construction contracts being bid for work within the specified county.</p>

Code	Statute
Construction Contracts	<i>(Amended by Stats. 2015, Ch. 269, Sec. 30. Effective January 1, 2016.)</i>
22037 Notice Inviting Formal Bids; Information; Publication	<p>Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and distinctly describe the project. The notice shall be published at least 14 calendar days before the date of opening the bids in a newspaper of general circulation, printed and published in the jurisdiction of the public agency; or, if there is no newspaper printed and published within the jurisdiction of the public agency, in a newspaper of general circulation which is circulated within the jurisdiction of the public agency, or, if there is no newspaper which is circulated within the jurisdiction of the public agency, publication shall be by posting the notice in at least three places within the jurisdiction of the public agency as have been designated by ordinance or regulation of the public agency as places for the posting of its notices. The notice inviting formal bids shall also be sent electronically, if available, by either facsimile or electronic mail and mailed to all construction trade journals specified in Section 22036. The notice shall be sent at least 15 calendar days before the date of opening the bids. In addition to notice required by this section, the public agency may give such other notice as it deems proper.</p>
22038 Rejection of Bids; Failure to Receive Bids; Options	<p>a) In its discretion, the public agency may reject any bids presented, if the agency prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency, furnishes a written notice to an apparent low bidder. The notice shall inform the bidder of the agency's intention to reject the bid and shall be mailed at least two business days prior to the hearing at which the agency intends to reject the bid. If after the first invitation for bids all bids are rejected, after reevaluating its cost estimates of the project, the public agency shall have the option of either of the following:</p> <ol style="list-style-type: none"> 1) Abandoning the project or readvertising for bids in the manner described by this article. 2) By passage of a resolution by a four-fifths vote of its governing body declaring that the project can be performed more economically by the employees of the public agency, may have the project done by force account without further complying with this article. <p>b) If a contract is awarded, it shall be awarded to the lowest responsible bidder. If two or more bids are the same and the lowest, the public agency may accept the one it chooses.</p> <p>c) If no bids are received through the formal or informal procedure, the project may be performed by the employees of the public agency by force account, or negotiated contract without further complying with this article.</p> <p><i>(Amended by Stats. 2003, Ch. 296, Sec. 29. Effective January 1, 2004.)</i></p>

Code	Statute
22039 Adoption of Plans, Specifications, and Working Detail	<p>The governing body of the participating public agency or its designated representative shall adopt plans, specifications, and working details for all public projects exceeding the amount specified in subdivision (c) of Section 22032.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 31. Effective January 1, 2016.)</i></p>
22040 Plans, Specifications of Working Details; Examination	<p>Any person may examine the plans, specifications, or working details, or all of these, adopted by the public agency for any project.</p>
22041 Exemptions	<p>This article does not apply to the construction of any public building used for facilities of juvenile forestry camps or juvenile homes, ranches, or camps established under Article 15 (commencing with Section 880) of Chapter 2 of Part 1 of Division 3 of the Welfare and Institutions Code, if a major portion of the construction work is to be performed by wards of the juvenile court assigned to those camps, ranches, or homes.</p>
22042 Accounting Procedures Review	<p>The commission shall review the accounting procedures of any participating public agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories:</p> <ul style="list-style-type: none"> a) Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency. b) Exceeded the force account limits. c) Has been improperly classified as maintenance.
22042.5 Informal Bidding Procedures Review	<p>The commission shall review practices of any participating public agency where an interested party presents evidence that the public agency is not in compliance with Section 22034.</p> <p><i>(Added by Stats. 2015, Ch. 269, Sec. 32. Effective January 1, 2016.)</i></p>
22043 Work Done by Public Agency; Commission Review Request	<ul style="list-style-type: none"> a) In those circumstances set forth in subdivision (a) of Section 22042, a request for commission review shall be in writing, sent by certified or registered mail received by the commission postmarked not later than eight business days from the date the public agency has rejected all bids. b) In those circumstances set forth in subdivision (b) or (c) of Section 22042, a request for commission review shall be by letter received by the commission not later than eight days from the date an interested party formally complains to the public agency. c) The commission review shall commence immediately and conclude within the following number of days from the receipt of the request for commission review: <ul style="list-style-type: none"> 1) Forty-five days for a review that falls within subdivision (a) of Section 22042. 2) Ninety days for a review that falls within subdivision (b) or (c) of Section 22042.

Code	Statute
22044 Written Findings; Failure to Comply with Chapter; Action	<p>d) During the review of a project that falls within subdivision (a) of Section 22042, the agency shall not proceed on the project until a final decision is received by the commission.</p> <p>e) A request for commission review pursuant to Section 22042.5 shall be in writing, sent by certified or registered mail, and received by the commission no later than eight days from the day an interested party formally complains to the public agency. The commission review shall commence immediately and conclude within 90 days from the receipt of the request for commission review.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 33. Effective January 1, 2016.)</i></p> <p>The commission shall prepare written findings, which shall be presented to the public agency within 30 calendar days of formal commission review. Should the commission find that the provisions of this chapter or of the uniform cost accounting procedures provided for in this chapter were not complied with by the public agency, the following steps shall be implemented by that agency:</p>
22044.5 Compliance; Removal from Act	<p>a) On those projects set forth in subdivision (a) of section 22042, the public agency has the option of either (1) abandoning the project, or (2) awarding the project to the lowest responsible bidder.</p> <p>b) On those projects set forth in subdivision (b) or (c) of section 22042, the public agency shall present the commission's findings to its governing body within 30 calendar days of receipt of written notice of the findings and that governing body shall conduct a public hearing with regard to the commission's findings within 60 calendar days of receipt of the findings.</p> <p>c) 1) On findings of noncompliance pursuant to section 22042.5, the public agency shall notify its governing body of the commissioner's findings within 60 calendar days of receipt of written notice of the findings from the commission.</p> <p>2) The public agency shall notify the commission in writing, within 90 days of receipt of written notice of the findings, of the public agency's best efforts to comply.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 34. Effective January 1, 2016.)</i></p> <p>If the commission makes a finding, in accordance with section 22043, on three separate occasions within a 10-year period, that the work undertaken by a public agency falls within any of the categories described in section 22042, the commission shall notify the public agency of that finding in writing by certified mail and the public agency shall not use the bidding procedures provided by this article for five years from the date of the commission's findings.</p> <p><i>(Amended by Stats. 2015, Ch. 269, Sec. 34. Effective January 1, 2016.)</i></p>
22045 Implementation of Procedures	<p>a) No later than January 1, 1985, the commission shall recommend, for adoption by the Controller, written procedures implementing the accounting procedures review provided for in this article.</p>

Code	Statute
Review: Commission Recommendations	b) The Controller shall, upon receipt of the commission's recommendation, review and evaluate the recommended procedures and either formally adopt or reject the recommended procedures within 90 days of submission of the commission.

Chapter 2.5 Emergency Contracting Procedures

Code	Statute
22050 Contract Without Bids; Procedures	<p>a) 1) In the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts.</p> <p>2) Before a governing body takes any action pursuant to paragraph (1), it shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency.</p> <p>b) 1) The governing body, by a four-fifths vote, may delegate, by resolution or ordinance, to the appropriate county administrative officer, city manager, chief engineer, or other nonelected agency officer, the authority to order any action pursuant to paragraph (1) of subdivision (a).</p> <p>2) If the public agency has no county administrative officer, city manager, chief engineer, or other nonelected agency officer, the governing body, by a four-fifths vote, may delegate to an elected officer the authority to order any action specified in paragraph (1) of subdivision (a).</p> <p>3) If a person with authority delegated pursuant to paragraph (1) or (2) orders any action specified in paragraph (1) of subdivision (a), that person shall report to the governing body, at its next meeting required pursuant to this section, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency.</p> <p>c) 1) If the governing body orders any action specified in subdivision (a), the governing body shall review the emergency action at its next regularly scheduled meeting and, except as specified below, at every regularly scheduled meeting thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action. If the governing body meets weekly, it may review the emergency action in accordance with this paragraph every 14 days.</p> <p>2) If a person with authority delegated pursuant to subdivision (b) orders any action specified in paragraph (1) of subdivision (a), the governing body shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least at every regularly scheduled meeting</p>

Code	Statute
	<p>thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless a person with authority delegated pursuant to subdivision (b) has terminated that action prior to the governing body reviewing the emergency action and making a determination pursuant to this subdivision. If the governing body meets weekly, it may, after the initial review, review the emergency action in accordance with this paragraph every 14 days.</p>
	<p>3) When the governing body reviews the emergency action pursuant to paragraph (1) or (2), it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts.</p>
	<p>d) As used in this section, "public agency" has the same meaning as defined in Section 22002.</p>
	<p>e) A three-member governing body may take actions pursuant to subdivision (a), (b), or (c) by a two-thirds vote.</p>
	<p>f) This section applies only to emergency action taken pursuant to Sections 20133, 20134, 20168, 20193, 20205.1, 20213, 20223, 20233, 20253, 20273, 20283, 20293, 20303, 20313, 20331, 20567, 20586, 20604, 20635, 20645, 20685, 20736, 20751.1, 20806, 20812, 20914, 20918, 20926, 20931, 20941, 20961, 20991, 21020.2, 21024, 21031, 21043, 21061, 21072, 21081, 21091, 21101, 21111, 21121, 21131, 21141, 21151, 21161, 21171, 21181, 21191, 21196, 21203, 21212, 21221, 21231, 21241, 21251, 21261, 21271, 21290, 21311, 21321, 21331, 21341, 21351, 21361, 21371, 21381, 21391, 21401, 21411, 21421, 21431, 21441, 21451, 21461, 21472, 21482, 21491, 21501, 21511, 21521, 21531, 21541, 21552, 21567, 21572, 21581, 21591, 21601, 21618, 21624, 21631, 21641, and 22035.</p>

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CHAPTER 2 THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

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CHAPTER 2 THE UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING ACT

Uniform Public Construction Cost Accounting Act

2.01 The Uniform Public Construction Cost Accounting Act

As specified in the State of California Public Contract Code, all governmental jurisdictions are limited to the dollar amount of public project work that can be performed using internal resources. The jurisdictions are further required to follow various bidding procedures in undertaking construction work performed or contracted in the jurisdiction. The passage of Chapter 1054, Statutes of 1983, Uniform Public Construction Cost Accounting Act (Act), and subsequent amendments provides for alternative bidding procedures by public agencies in undertaking public project work, provided they subscribe to uniform construction cost accounting policies and procedures developed in accordance with the law.

The purpose of this document is to give public agencies those construction cost accounting policies and procedures required in accordance with this above-mentioned legislation. To assist in understanding these policies and procedures, we have provided examples throughout the manual. These examples are for illustrative purposes only and, although they may be used, should not be considered required formats for public agencies operating under this program.

2.02 Public Agency

Public Contract Code section 22002(a) provides the definition of a public agency for the purposes of the Act. Public agencies are cities, counties, a city and county, chartered cities and chartered counties, any special district and any other agency of the state responsible for the local performance of governmental or proprietary functions within limited boundaries. Public agency includes a nonprofit transit corporation wholly owned by a public agency and formed to carry out the purposes of the public agency.

2.03 Public Project

As defined in Public Contract Code section 22002(c), all public projects performed by public agencies may include:

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition and repair work involving any publicly owned, leased or operated facility.
- Painting or repainting of any publicly owned, leased or operated facility.
- In the case of publicly owned utility system, construction, erection, improvement or repair of dams, reservoirs, power plants and electrical transmission lines of 230,000 volts and higher.

2.04 Exemptions

Construction of any public building used for facilities of juvenile forestry camps or juvenile homes, ranches, or camps established under Article 15 (commencing with section 880) of Chapter 2 of Part 1 of Division 2 of the Welfare and Institutions Code, if a major portion of the construction work is to be performed by wards of the juvenile court assigned to those camps, ranches or homes, is exempt from the provisions of the Act.

In addition, in cases of great emergency, as determined by the governing body of the public agency, including, but not limited to, states of emergency defined in Government Code section 8558. When repair or replacements are necessary to permit the continued conduct of the operation or services of a public agency or to avoid danger to life or property. The governing body by majority vote, may proceed at once to replace or repair any public facility without adopting plans, specifications, strain sheets, or working details, or giving notice for bids to let contracts. The work may be done by day labor under the direction of the governing body, by

contract, or by a combination of the two. The governing body, by majority vote, may delegate to the appropriate county administrative officer or city manager the power to declare a public emergency subject to confirmation by the governing body, by a four-fifths vote, at its next meeting.

2.05 Bid Limitations

For those agencies whose governing board has by resolution elected to become subject to the uniform construction cost accounting policies and procedures and which have notified the State Controller of that election, the following bid limitations will be in effect pursuant to Public Contract Code section 22032 and 22034(d):

- Public projects of \$60,000 or less may be performed by the employees of a public agency by force account (for definition see page 39 section 2.2), by negotiated contract, or by purchase order.
- Public projects of \$200,000 or less may be let to contract by informal procedures as set forth in this legislation.
- Public projects of more than \$200,000 shall, except as otherwise provided in this legislation, be let to contract by formal bidding procedures.
- If all bids received are in excess of \$200,000, the governing body of the public agency may by adoption of a resolution by a four-fifths vote, award the contract, at \$212,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the public agency was reasonable.

2.06 Award of Bid

Public Contract Code section 22038 allows the public agency in its discretion to reject any bids presented. If the agency prior to rejecting all bids and declaring that the project can be more economically performed by employees of the agency provides a written notice to an apparent low bidder that:

- Informs the lowest responsible bidder of the agency's intention to reject the bid.
- Is mailed to at least two business days prior to the hearing at which the agency intends to reject the bid.

If after opening bids all bids are rejected, the public agency shall have the option, after reevaluating its cost estimates of the project, of one of the following:

- The public agency may abandon the project or re-advertise for bids in the manner described by this legislation; or
- By passage of a resolution by a four-fifths majority of its governing body declaring that its employees can perform the project more economically, the public agency may have the project done by force account without further complying with this legislation.

If a contract is awarded, it shall be awarded to the lowest bidder. If two or more bids are the same as the lowest, the public agency may accept the one it chooses.

If no bids are received, the project may be performed by employees of the public agency by force account or by informal bidding procedures set forth in section 22034 of the Public Contract Code.

California Uniform Construction Cost Accounting Commission

2.07 California Uniform Construction Cost Accounting Commission

Chapter 1054, Statutes of 1983, created the California Uniform Construction Cost Accounting Commission (CUCCAC or the Commission). The Commission is comprised of 14 members, 13 members are appointed by the State Controller and one member of the Contractors' State License Board pursuant to section 22010 of the Public Contract Code.

- a) Thirteen of the members shall be appointed by the Controller as follows:
 - 1) Two members who shall each have at least 10 years of experience with, or providing professional services to, a general contracting firm engaged, during that period, in public works construction in California.
 - 2) Two members who shall each have at least 10 years of experience with, or providing professional services to, a firm or firms engaged, during that period, in subcontracting for public works construction in California.
 - 3) Two members who shall each be a member in good standing of, or have provided professional services to, an organized labor union with at least 10 years of experience in public works construction in California.
 - 4) Seven members who shall each be experienced in, and knowledgeable of, public works construction under contracts let by public agencies; two each representing cities, counties, respectively, and two members representing school districts, and one member representing a special district. At least one of the two county representatives shall be a county auditor or his or her designee.
- b) The member of the Contractors' State License Board who is a general engineering contractor as that term is defined in Section 7056 of the Business and Professions Code shall serve as an ex officio voting member.

2.08 Implementation

The public agency must perform several administrative steps to comply and elect into the law. The major steps include:

- Adopting a resolution electing to become subject to the Act.
- Adopting ordinances or regulations providing informal bidding procedures as required by the law.
- Notifying the State Controller of the election.
- Complying with the cost accounting construction policies and procedures presented in this manual.

The Commission shall review the accounting procedures of any participating agency where an interested party presents evidence that the work undertaken by the public agency falls within any of the following categories stated in Public Contract Code section 22042:

- Is to be performed by a public agency after rejection of all bids, claiming work can be done less expensively by the public agency.
- Exceeded the force account limits.
- Has been improperly classified as maintenance.

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CHAPTER 3 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING POLICIES AND PROCEDURES

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CHAPTER 3 UNIFORM PUBLIC CONSTRUCTION COST ACCOUNTING POLICIES AND PROCEDURES

Uniform Public Construction Cost Accounting Policies and Procedures

The California Uniform Construction Cost Accounting Commission (CUCCAC) is responsible for reviewing and developing uniform public construction cost accounting policies and procedures to be followed by public agencies electing to participate in the program. This section of the manual discusses the Commission's basic philosophy and intent in developing these cost accounting policies and procedures, the range of public construction projects that may be undertaken by public agencies using these cost accounting policies and procedures, and the support systems deemed necessary to comply with this program.

Inquiries regarding the program and/or the policies and procedures may be sent to the State Controller's Office (SCO) Local Government Policy Section at LocalGovPolicy@sco.ca.gov. Once an inquiry is received by SCO staff, it will be reviewed and a draft response will be sent to the Chair of the Commission. The Chair may appoint one or more Commissioners, not to constitute a quorum, from the public and/or private sectors to assist with responding to the inquiry in a timely manner. The Chair will provide feedback as necessary, and SCO staff will reply to the inquirer in a timely manner. A summary of inquiries is to be reviewed by the Commissioners at the next CUCCAC meeting, for incorporation into the Frequently Asked Questions as appropriate.

3.01 CUCCAC Philosophy

The policies and procedures, as dictated by Public Contract Code section 22017, shall, to the extent deemed feasible and practicable, incorporate or be consistent with construction cost accounting guidelines and standards and reporting requirements utilized by state and federal agencies on public projects and be uniformly applicable to all public agencies which elect to utilize the policies and procedures. The Commission recognizes the wide divergence in the size, capabilities and scope of operations of various public agencies operating under this legislation. Therefore, in developing this manual, the Commission wishes to present policies and procedures that are reasonable and do not demand extensive tracking of detail. The Commission feels that all cost elements, including personnel, materials, supplies and subcontracts, equipment, and overhead, associated with a project must be recorded and reported at the project level. Each of the cost elements is to be expressed in the initial bid/estimate process, captured and recorded during the construction period and compared to the initial estimate at the conclusion of the public project. This shall require the existence of a project tracking system, as discussed later in this section. The Commission refrains from dictating a specific system but requires a system to estimate for bidding purposes, and to capture the actual costs in a manner consistent with the bid estimate. In this manner, the policies and procedures are results-oriented. The Commission has determined that the Standardized Account Code Structures meets the requirements of the Act.

3.02 Applicable Projects

In keeping with the Commission's objective of providing cost accounting policies and procedures that are specific in concept yet broad enough to encompass all public agencies, regardless of size and scope of services, these policies and procedures should enable the public agencies to track all applicable construction-oriented public projects.

While allowing for the divergence of activities performed, these policies and procedures should parallel construction cost accounting practices as much as possible to allow for a comparability of private and public estimates and actual costs incurred in constructing public projects.

3.03 Definitions

The definitions listed below will assist users of the manual in interpreting and understanding the policies and procedures as stated in this manual. It is important to note that these definitions pertain only to the contents of this manual.

Cost Finding. A less formal method than project accounting of cost determination or estimation on an irregular basis. There may be no formal accounting entries during the year to record costs incurred in specific cost accounts. Instead, cost finding usually involves taking available fund financial accounting data and recording it and adjusting it to devise the cost data or estimate needed. This approach will be used in selected instances as defined in this manual.

Direct Costs. Direct costs represent economic resources that can be specifically identified with a particular construction activity or function. To the extent possible, such costs should be charged directly to the project for purposes of cost determination rather than being subjected to allocation procedures.

End Cost Objective. An end cost objective is a cost center or activity established for the accumulation of the direct costs of performing government services. All costs should be considered to indirectly support the performance of these services.

Equipment Usage Tracking System. An equipment usage tracking system allows for the identification, recording, accumulation and reporting of usage of a specific piece of equipment or type of equipment and the unit of usage, e.g., hours, days, mileage, to a particular activity.

Force Account. A force account accurate for work performed on public projects using internal resources, including but not limited to labor, equipment, materials, supplies, and subcontracts of the public agency.

Government-Wide Overhead. Government-wide overhead is defined to include all costs of a public agency not associated with organizational units performing services which support all end cost objectives of the government entity.

Materiality. It is the Commission's position that, if the value of those goods obtained from inventory is material, the cost must be recorded to the public project code as a direct cost item. Materiality is defined for purposes of this manual to be any item that has a unit or aggregate value of \$25 or more.

Materials, Supplies, and Subcontracts Tracking System. A materials, supplies, and subcontracts tracking system allows for the identification, recording, accumulation, and reporting of materials, supplies, and subcontracts used on a particular activity.

Object Cost. A cost center or activity (account code assigned to a department or project) established for the accumulation of the direct and indirect cost to arrive at a total cost of performing government services.

Overhead Costs. Overhead costs represent economic resources that are employed for common or joint purposes benefiting several projects or functions. As such, overhead costs are not as readily chargeable to individual projects and, therefore, generally require allocation based upon statistical relationships.

Personnel Tracking System. A personnel tracking system allows for the identification, recording, accumulation, and reporting of personnel working on a particular activity.

Project Accounting. Project accounting is the continuous process of analyzing, classifying, recording, and summarizing cost data within the confines and controls of a formal project accounting system and reporting them to users on a regular basis.

Project Tracking System. A project tracking system allows for the identification and establishment of cost (account) codes to particular activities. The system would be used to record, accumulate, and report personnel costs; equipment costs; material, supplies, and subcontracts costs; and allocated overhead to activities identified.

Public Project Unit. A public project unit (e.g. public works department) is an identifiable organizational unit of any size within a public agency whose primary goals include the undertaking and completion of public projects as defined in Public Contract Code section 22002. The Commission would, in general, consider a unit to be a public project unit when over 25% of the total unit's annual budget is expended on public projects. It is more common to have these organizational units in the larger public agencies - urban counties, cities, and school districts.

Subcontract. A subcontract provides for the use of an outside contractor with specialized skills and/or equipment needed to complete an element of work on the public project.

Unit Overhead. Unit overhead is defined as all costs incurred by an organizational unit, such as a public project unit, department, division or section, that are not directly attributable to any end cost objective, whether it be a public project or not. These costs include personnel costs, materials, supplies and subcontracts, and equipment costs not directly attributable to any end cost objective.

Work Order. A work order is written authorization for the performance of a particular project. It contains a description and location of the project and specifications for the work to be performed. Work orders are assigned an identification code and are used to record all costs both direct and indirect incurred in completing the project.

3.04 Public Agency Organization Structure

In general, public agencies will contract out design-and-build and heavy construction projects and perform only general building projects and specialty construction projects with internal resources. Frequently, this decision to undertake general building and specialty construction projects is made based on the agency's organization structure, current workload requirements, and available staffing resources.

Often, in large organizations, due to the ongoing workload, there are organizational units whose stated objective is to undertake and complete on an as-needed basis general building and specialty construction projects. These organizational units are project-oriented. Their end cost objectives primarily consists of the performance of public projects. Costs specifically incurred in connection with individual end cost objectives are considered to be direct costs. Costs not specifically incurred to support individual and cost objectives are considered to be overhead costs associated with the organizational units taken as a whole. To recognize all the costs associated with an end cost objective, these overhead costs must be allocated back to this end cost objective. Examples of end cost objectives include public projects, such as the construction of a warehouse, renovation of a lunch room, or street reconstruction and resurfacing over 1 inch. Smaller public agencies, which comprise the majority of public agencies in the state, usually do not have organizational units whose annual budgets represent more than 25% of public project work. Frequently, these employees perform general maintenance duties in addition to working on public projects. The public project costs incurred by these employees are more difficult to identify yet equally important.

3.05 Classification of Costs

It is the stated objective of the law and the Commission to have public agencies estimate the cost of public projects and track these project costs in a manner similar to private industry. Essential to achieving this

objective is the understanding and agreement by both parties as to the components of costs that are included in public projects.

The major classification of cost components for construction projects includes: direct, indirect, and overhead costs.

3.06 Direct Costs

Direct costs generally include these categories of costs: labor, bonds, permits, licensing fees (if any), equipment, permanent materials and supplies, subcontracts, nonpermanent materials and supplies. Components of each of these direct project cost categories are shown below and include costs applicable to the construction industry.

Labor

Hourly Pay/Salary
Payroll Taxes (Employer Contribution)
Worker's Compensation Insurance (Allocation of Self Insurance)
Group Health Insurance
Group Life Insurance
Retirement Plan (Employer Contribution)
Holiday Leave
Vacation
Sick Leave
Unassigned Time
Disability Insurance
Unemployment Insurance
Military Leave
Jury Duty Leave
Management Leave/Compensatory Leave
Uniform/Uniform Allowance
Tuition Reimbursement
Union Time Off
Time Off for Illness or Death of Family Member
Personal Liability Insurance
Administration/Employer Contribution of Deferred Compensation Program/401K
Overtime Premium

Use employee's productive hourly rate to calculate direct labor costs.

Equipment

Internal Equipment Rate

Depreciation
Insurance (Allocation of Self Insurance)
Initial Assembling and Dismantling Costs
Maintenance Costs
Repair Costs
Provision for Major Overhauls
Unassigned Time
Maintenance and Storage Yard Facilities Costs

Fuel and Oil
Tires and Grease

Or Use:

Caltrans Equipment Rental Rates and Labor Surcharge Book:

<http://www.dot.ca.gov/hq/construc/equipmnt.html>

External Equipment Rate (Leased or Rented from Commercial Dealer) which includes, if charged by the Lessor or are the responsibility of the agency, the following costs:

Rental Rate
Maintenance Costs
Assembling and Dismantling Costs
Insurance Costs
Fuel and Oil
Tires and Grease

Permanent Materials and Supplies

Cost of Permanent Materials and Supplies-Charged Directly to Job

Permanent Materials and Supplies Cost
Sales/Use Tax
Freight
Discounts Taken

Cost of Permanent Materials and Supplies Costs

Substantiated by most recent Invoice
Handling
Warehouse and Transportation Costs

Subcontracts

Payments made to Subcontractors

Nonpermanent Materials and Supplies/Miscellaneous Costs

Permits
Fees
Performance Bonds
Licenses

3.07 Indirect Costs

Indirect costs can be identified with a project but not with a specific job or unit of production within the project.

Indirect costs generally include two categories of costs: labor and other miscellaneous project site expenses. Components of each of these indirect cost categories are shown below.

Labor

Quality Control and Inspection
Field Supervisors
Security Guards
Superintendent
Job Secretary

Other Project Expenses

Mobilization, Assembly, Move-Out Costs
Yarding and Hauling
Trailer
Utilities
Telephone
Warehouse Costs
Spoilage, Loss and Theft
Other Costs

3.08 Overhead Costs

Simplified Overhead Rate

Prior to January 1, 2004, the Commission allowed all agencies to use a 20% overhead rate applied to all direct costs in lieu of calculating their overhead rates. An amendment to Public Contract Code section 22017 provides that cities with a population of less than 75,000 can assume the 20% rate. Cities with a population of 75,000 or over can either assume a 30% overhead rate or calculate an actual overhead rate.

Calculated Overhead Rate

The Commission determined that counties, special districts, and school districts can use a 30% rate or calculate an actual overhead rate, which is the same rule that applies to cities with a population of over 75,000.

Agencies may elect to calculate their overhead rates by one of the three following methods:

- 1) Appendix A describes the federal government's method of calculating overhead (2 CFR Part 220).
- 2) Appendix B describes a method of calculating overhead by allocating overhead costs as a percentage of direct labor costs.
- 3) Any method of calculating overhead is satisfactory with the Commission, provided that acceptable accounting procedures are used and all administrative costs are included.

Overhead costs should be applied on total project costs, including costs of material, equipment, and labor.

Overhead costs cannot be identified with or charged to jobs or units of production unless some more or less arbitrary allocation basis is used.

Components of overhead are shown below and include costs applicable to the construction industry, public agencies or both, e.g., public agencies do not have to pay surety bond premiums as does the construction industry to perform construction work, but both have costs incurred due to the processing of payroll.

Payroll
Personnel
Purchasing/Procurement
Bid/Estimate Expense
Advertising Expense
Legal Costs
General Government
General Accounting/Finance
Departmental Accounting/Finance
Facilities
Data Processing
Top Management
Management Expenses

Typically public agencies recognize only two classifications of costs: direct and overhead.

It is important to note that this does not suggest that public agencies exclude indirect costs but rather that they classify a majority of them as direct costs. For example, in the construction industry a foreman supervising employees working at the job site would have his personnel costs pooled and allocated to a job or unit of production. In a public agency, the foreman's labor cost would be charged directly to the appropriate public projects.

Regardless of the differences in how the various costs are classified, both the construction industry and public agencies recognize that the significant cost elements of any construction project include:

- Personnel
- Materials, supplies and subcontracts
- Equipment
- Overhead

3.09 Project Identification

Public projects, as defined in section 2.03, shall be identified and given specific project codes. These codes are generally referred to as project or work order numbers. These codes shall enable the public agency to segregate the cost elements discussed above, thereby allowing for the proper estimation, tracking, and comparison of estimated vs. actual cost elements incurred at the completion of a public project.

3.10 Project Tracking

The public agency shall have a manual or automated system that records, accumulates, and periodically reports the cost elements - personnel; materials, supplies and subcontracts; equipment; and overhead - incurred in completing all public projects. The public agency shall be required to account for the costs of the public project in a manner consistent with the way in which the project was bid/estimated. An audit trail of the accumulation of these cost elements shall be maintained. Source documents shall be retained identifying costs incurred on the project. These documents may include timesheets, equipment tracking records, requisitions of materials

and supplies used at the project site, and the documentation of the development of overhead rates. The project tracking system does not have to be a part of the public agency's fiscal system but should capture the major cost elements and comply with the other requirements stated in this manual. This may require the agency to establish a project tracking system or alter an existing cost accounting system.

Project Tracking Systems

Project tracking refers to the management of projects which includes but is not limited to measuring and reporting the status of milestones, tasks and activities required in achieving the pre-defined project results. Project tracking can also refer to project management software which automates the tracking of tasks, assignments, event and activities related to the project.

Most counties and larger school districts, cities, and special districts have established automated cost accounting systems that can track all identified public projects. Other project tracking systems include work order systems and project ledger card systems.

Work orders are written authorizations for the performance of a particular project. They contain a description and location of the project and the specifications for the work to be performed. These authorizations, used extensively by public agencies, are assigned an identification code and are used to accumulate and report labor, materials and supplies, and other costs associated with the project. Work orders can be used to cost public project work, as well as maintenance work and other types of end cost objective work.

A project ledger card system establishes a single ledger card to be used in recording, in summary, all cost elements associated with a particular public project.

Discussion of Example

An excel spreadsheet, is listed as a template named *Sample Estimating Form* and is available online at http://www.sco.ca.gov/ard_cuccac.html

The sample project ledger card has been established by the school district's accounting area to estimate the costs of remodeling the Main Street School. This sample can be used for estimating a project. The following data elements are included on the ledger card to establish the public project:

- Project code
- Start date
- End date
- Person responsible for work
- Name of project

Chapter 4 IDENTIFICATION, REPORTING, AND COMPUTATION OF PERSONNEL COSTS

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CHAPTER 4 IDENTIFICATION, REPORTING, AND COMPUTATION OF PERSONNEL COSTS

Identification, Reporting, and Computation of Personnel Costs

The accurate estimating, tracking and costing of personnel costs is imperative to ensure accurate reporting and future estimating of these costs. Personnel costs are those costs associated with employing public agency personnel in the performance of a specific job. They include three elements:

- 1) Annual salary or wage paid by the public agency.
- 2) Benefits received by employees such as a public agency's contribution to employee retirement programs, group health plans, and unemployment insurance.
- 3) Benefits paid to employee such as salaries or wages paid to employees who are on holidays, vacation leave, and sick leave.

This section of the manual describes the systems and methods used to track personnel time, determine the costs associated with personnel, and record these costs to a project tracking system.

Tracking Personnel Time

Critical to the public agency's determination of personnel costs is the ability to identify time spent by employees performing work on all public projects.

4.01 Timekeeping System

A public agency shall have a timekeeping system that accumulates hours worked by employees and assigns these hours to all public project codes. Typically, this project code is assigned by the agency's accounting department and conveyed to the person responsible for the public project, generally the foreman or equivalent position. This system shall enable the agency to track hours worked on public projects to allow for the subsequent distribution of the appropriate personnel costs.

4.02 Examples of Timekeeping Systems

The simplest of timekeeping records is a foreman's time book. These books usually have 50 pages and the foreman records on a daily or weekly basis the employee and his daily time spent on a particular project. These books have heavy tagboard covers so they can remain at the job site and be carried in a foreman's pocket. Typically, at the week's end, the foreman's time book is copied onto timesheets or timecards. This may be done at the central office by the foreman, timekeeper, payroll clerk or bookkeeper. This timekeeping system has the advantage of actual timekeeping being performed at the job site; but if the book is lost, the entire project's time record is lost.

Weekly timesheets or timecards and electronic timekeeping systems can also be used to record time. These documents should be completed by employees no later than at the end of the week showing the hours worked on each public project. For the employees to complete the cards or sheets, they must be informed of the appropriate project code to charge. This appears to be an insignificant issue; but without the establishment of a project code and the conveyance of that information to personnel working on the public project, the costs may never get recorded accurately. This decentralization of timekeeping presents the opportunity for possible inaccuracies in the recording of time spent on public projects. Therefore, this system may warrant additional review by management.

Work orders can be used to record time by the appropriate employee. As discussed in the project tracking requirements, work orders are written authorization for the performance of a particular job containing a project code, a description and location of the job, and specifications for the work to be performed. Work orders are the most frequent public project timekeeping systems used by public agencies. These are generally completed by the supervisor of the public project who records the employees' time spent on a public project. It is important to note that work performed on public projects, unlike timekeeping in the construction industry, requires close supervision by management to ensure that hours worked on end cost objectives as defined by this manual are recorded properly.

4.03 Application of Timekeeping Systems

As discussed earlier, there are two types of organizational units within public agencies that may perform public project work. These are (1) public project units and (2) other organizations that may, in addition to their primary duties, work on public projects.

Public Project Unit

A public project unit is an identifiable organizational unit of any size whose primary goals include the undertaking and completion of public projects. Typically, these units perform construction, reconstruction, erection, alteration, renovation, improvement, demolition, repair work, and painting of any publicly owned, leased, or operated facility. For example, a public works department may have a division/section comprised of employees who as defined by this bill are dedicated to the undertaking and completion of public projects such as road resurfacing, painting, landscaping and building/remodeling. The Commission would, in general, consider a unit to be a public project unit when over 25% of the total unit's annual budget is expended on public projects. It is more common to have these organizational units in the larger public agencies--urban counties, cities and school projects.

Timekeeping Requirements

Employees who generally are considered direct labor and are assigned to a public project unit shall record their time on an hourly basis and record all hours of a full work day. This includes time spent on public projects as well as time spent on projects excluded from this program. Unassigned time by these employees will also be recorded and charged to an appropriate code.

Employees not performing labor on public projects, but who provide administrative support services to the employees of the public project unit, shall also record their time on an hourly basis and record all hours of a full work day. This time will be charged to an appropriate overhead account and will be used in the development of the organizational unit's overhead rate as discussed in Chapter 7.

Other Organizational Units Performing Work on Public Projects

There are other organizational units that have employees who perform work on public projects but whose primary goal is the performance of routine maintenance work and/or other general government services. Typically, these organizational units include: parks and recreation departments; divisions of public works agencies that have not been identified specifically as public project units, such as engineering; water and sewer; street maintenance; and routine maintenance.

a. Timekeeping Requirements

Employees of these organizational units shall report time worked on public projects. Although the Commission strongly believes that it is advisable for employees to record an eight-hour day to various end cost objectives, work performed outside of public projects is excluded from the scope of the program and is not required to be reported. All time worked on public projects by a public agency employee shall be posted to a project tracking system on a timely basis with an adequate audit trail maintained.

b. Discussion of Example

An employee of an organizational unit who performs work on a public project, but whose organization is not identified as a public project unit, must report his time. The employee has recorded only the time worked on a public project. Unit management, employees performing maintenance work, and unassigned employees need not record their time as do similar employees in a public project unit.

4.04 Recording Time to Public Projects

A public project's direct labor time shall be recorded to a project code under the following circumstances:

- The employee worked on a public project.
- The employees were in transit to or from a project site.
- The employee performed clean-up work on a public project, e.g., the employee returned to central headquarters to complete paperwork attributable to a public project.
- The employee was assigned to work on a public project but was unable to work due to unforeseen circumstances, e.g., equipment breakdown or inclement weather, and was therefore idle.

Computing Personnel Costs

In determining personnel costs, three different rates must be determined and applied: the employee's productive hourly rate, the department's overhead rate, and the general government overhead rate.

4.05 Productive Hourly Rate

Personnel costs in many public projects represent the single largest cost of a public project. In calculating these costs it is important to include the three components of personnel costs:

- 1) Annual salary/wages
- 2) Benefits received
- 3) Benefits paid

The calculation of an hourly rate integrating these three costs components is commonly called a "productive hourly rate."

A productive hourly rate shall be used to cost time reported to public projects. A productive hourly rate determines the full costs per hour of employing public agency personnel on a public project. A productive hourly rate is calculated by dividing annual personnel costs by an employee's available hours for work assignment.

Annual Personnel Cost

The annual personnel costs of an employee or class of employees shall be determined by the public agency. These costs shall include annual salary/wages and fringe benefits paid by the public agency.

Fringe benefits are generally calculated as a percentage of annual salary/wages or as an annual cost per employee.

If the productive hourly rate is calculated by employee class, members of each class should have reasonably comparable fringe benefits. Otherwise, further division of the employee class should be performed.

Fringe benefit calculations shall take into consideration, but not be limited to, the employer contribution portion of the following costs:

- Disability insurance
- Life insurance
- Retirement plan
- Unemployment insurance
- Worker's compensation insurance
- Personal liability insurance

The fringe benefits calculation is not required to include accrued benefits, such as sick leave or vacation earned but not taken, as a component of personnel costs. It is recognized that these accrued benefits represent a significant future cost to the public agency. Yet, many public agencies do not account for these costs and would have difficulty in developing accurate figures. If further pronouncements concerning accrued benefits of public agencies are issued, the Commission will determine whether inclusions of these costs are appropriate.

Productive Hours

The public agency shall start with the assumption of 2,080 productive hours in a year if a 40-hour work week is the standard for the public agency. If a 40-hour work week is not the standard, the appropriate number of annual productive hours must be determined by the agency. The public agency shall then determine average annual nonproductive time either by employee, class of employee, or agency-wide. Nonproductive time is time when the employee is not available to work or assignment to work and includes but is not limited to:

- Vacation
- Sick leave
- Holidays
- Military leave
- Jury duty
- Training

4.06 Unit Overhead Rate

Public Project Unit

A unit overhead rate shall be developed for each public project unit. This unit overhead rate shall include all public project costs that are not direct costs. The overhead rate shall be developed and added to the productive hourly rate.

Organizational Unit Performing Public Project Work

A unit overhead rate shall be developed for each organizational unit performing work on public projects in addition to its primary duties. This unit overhead rate shall include all of the organizational unit's costs that are not direct costs. The overhead rate should be developed and applied to the employee's productive hourly rate.

4.07 Government-Wide Overhead Rate

A government-wide overhead rate shall be developed to include all costs of a public agency not associated with organizational units performing services that support all end cost objectives of the government entity. The government-wide rate shall be developed and applied to the productive hourly rate after unit overhead has been applied.

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CHAPTER 5 IDENTIFICATION, REPORTING, AND COSTING OF MATERIALS,
SUPPLIES, AND SUBCONTRACTS

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CHAPTER 5 IDENTIFICATION, REPORTING, AND COSTING MATERIALS, SUPPLIES, AND SUBCONTRACTS

Identification, Reporting, and Costing of Materials, Supplies, and Subcontracts

Materials, supplies, and subcontracts used on public projects are considered a cost element by the Commission and include such items as lumber, bricks, cement, doors, paint, asphalt, wire, sand, gravel, pipe, and work performed under a subcontract. Materials and supplies used on public projects shall be tracked and charged to project codes as discussed in Chapter 2 and can be accounted for either as direct purchase or inventory.

This section of the manual describes the systems and methods used to track materials, supplies, and subcontracts; determine their value, as well as the other costs associated with providing materials and supplies; and record these costs to a project tracking system.

Materials and Supplies

Critical to the public agency's determination of personnel costs is the ability to identify time spent by employees performing work on all public projects.

5.01 Tracking Materials and Supplies

The Commission wishes to provide policies and procedures so that public agencies account for public projects in a manner similar to the construction industry. The nature of governmental procurement and inventory practices presents challenges to the public agency's ability to meet the Commission's objective of effectively measuring material and supply costs for public projects.

Direct Purchases

Materials and supplies are often purchased directly for use on a public project. The public agency can thus identify the associated dollar value of items purchased to the public project code, which should be identified on the purchase order when the procurement is initiated.

Inventory

It is more difficult to identify the associated costs of items obtained from the public agency's inventory of materials and supplies, generally maintained at a warehouse or stockroom. The major challenge is identifying and recording the costs of material and supplies utilized for the public project which are obtained from the public agency's inventory. It is the Commission's position that, if the value of these goods obtained from inventory is material, the cost must be recorded to the public project code as a direct cost item. Materiality is defined for purposes of this manual to be any item that has a unit or aggregate value of \$25 or more.

Items purchased and placed into inventory that would subsequently be used on public projects and which may exceed the \$25 limit shall be issued to projects in a manner consistent with good accounting controls.

5.02 Costing Materials and Supplies

Direct Purchase

The total material and supplies costs are the invoiced amount. This amount should be posted to the project tracking system for direct purchases on a timely basis. This recorded amount should include the cost of the materials and supplies, freight, sales tax, use tax and any other appropriate costs.

Inventory

The public agency shall have a method to provide for the valuation of the inventory it releases to public projects. Acceptable methods include:

First-In, First-Out (FIFO) – The earliest acquired stock is assumed to be used first, the latest acquired stock is assumed to be still on hand. Therefore, when inventory is issued, it is valued at the cost of the earliest acquired stock.

Last-In, First-Out (LIFO) – The earliest acquired stock is assumed to be still on hand, the latest acquired stock is assumed to have been used immediately. Therefore, when inventory is issued, it is valued at the cost of the most recently (latest) acquired stock.

Weighted Average – In this type of inventory valuation system, each purchase of stock is aggregated with the former inventory balances so that a new average unit price is used to price the subsequent issues of inventory.

Recent Costs – The most recent unit costs is applied to units consumed to yield total cost.

5.03 Handling/Carrying Cost

Personnel, equipment and facilities costs are incurred by the public agency to store and transport inventoried items. This is separate and distinct from the cost of procurement that is considered to be recaptured through general government overhead, as discussed in Chapter 4. (If warehousing and transportation costs are not provided by a central organization, it is assumed that these costs are recovered through the government-wide overhead rate).

5.04 Subcontracts

A public agency may wish to complete work on a public project by subcontracting, i.e., hiring an outside contractor to perform a portion of the work.

Subcontractors shall be accounted for in a manner similar to a direct purchase of materials and supplies. Contracts or purchase orders should be coded with the appropriate project code and the subcontract costs recorded onto the project tracking system in a timely manner. The handling/carrying overhead rate shall be calculated to recover:

- Warehouse/storeroom personnel costs
- Facility costs of storeroom/warehouse
 - Utilities
 - Rent
 - Insurance
- Transportation costs associated with the receipt/delivery of materials and supplies.

CHAPTER 6 IDENTIFICATION, REPORTING, AND COSTING EQUIPMENT

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CHAPTER 6 IDENTIFICATION, REPORTING, AND COSTING EQUIPMENT

Identification, Reporting, and Costing Equipment

Usage of equipment on public projects is a cost element of performing those public projects. Equipment usage, excluding passenger riding sedans, must be tracked when a piece of equipment is assigned to a public project. Equipment used on public projects shall be charged to a project cost code. This section describes the systems and methods used to track equipment usage, determine equipment costs, and record the costs to a projects tracking system.

6.01 Equipment Tracking Systems

The public agency shall have a manual or automated system that tracks the appropriate equipment by time, mileage or other usage factor to a public project. The system shall have the capability to track equipment usage to a public project:

- When it is in motion to/from a project site;
- When at a public project site (whether in use or not), if time is the means of equipment tracking and
- When at public project site and in use, if mileage or some other mechanism is the means of equipment tracking.

Examples of Tracking Systems

One of the simplest forms for tracking equipment is a weekly timesheet for each piece of equipment that has been assigned to the public project and the time or mileage incurred by the public project. These sheets should be submitted weekly with labor timesheets or cards. They should then be sent to the accounting area and charged to a project tracking system.

6.02 Equipment Tracking of Agency Owned/Operated Equipment

As will be seen in this chapter heading Equipment Usage Rates on page 68, the public agency can cost out equipment it owns and operates in one of two ways. The public agency can either utilize internally developed equipment rates or rates from industry equipment rate books.

Internal Rates

When an agency develops internal equipment rates for certain or all types of equipment, that agency must track the time that equipment was used on end cost objectives such as public projects, maintenance work, and unassigned time. This enables the public agency to determine what the equipment's history of productive hours has been. This enables a better forecast of projected productive hours to be made for rate development purposes.

Equipment Rate Book Rates

When an agency utilizes the calculated equipment rate from rate books, it must record the time or mileage the equipment is used on public projects. Since these equipment rates generally factor in idle time, a full tracking of the equipment as performed for "internal rate" equipment is not mandated.

Equipment Usage Rates

There are three acceptable means of determining equipment rates. They include rates developed internally for public agency owned and operated equipment, equipment rate books used by the construction industry and rental or lease rates charged by commercial vendors. Each of these methods attempts to recapture the costs associated with the equipment's purchase and operations, such as depreciation, fuel, maintenance, repair and insurance.

6.03 Internal Rates (Equipment Owned by Public Agency)

Public agencies shall utilize internally developed equipment usage rates that reflect the full cost of owning, operating and maintaining types of equipment. Rates should be developed for classes of equipment and should comply with the following guidelines:

- The internal equipment rate methodology shall be documented and an adequate audit trail provided.
- The costs of depreciation, fuel and oil, equipment storage, and income are to be included in the internally developed rates.

Depreciation

Depreciation is the method used to spread the cost of equipment, capital lease, or replacement value less residual value, over a piece of equipment's useful life. The public agency's capitalization policy should be used to determine whether a piece of equipment should be depreciated. Generally, equipment that costs more than \$1,000 and has a useful life of more than one year should be depreciated.

Depreciation should be calculated as follows:

1) Useful Life

Depreciation should be based on the average useful life for the piece of equipment in a particular operation. Determination of useful life should be based on actual or planned retirement and replacement practices.

2) Residual Value

Residual value is the value at disposition (less costs of disposal) estimated at the time of acquisition. In many cases, the estimated residual value is so small and occurs so far in the future that it has no significant impact. As well, residual value may be almost or completely offset by removal and dismantling costs. Normally, public agency equipment will be used through the end of its estimated useful life and the residual value may be carried at zero. In the event that it is known at the time of acquisition that the capital equipment will not be used for at least 75% of its scheduled useful life, residual value should be estimated.

3) Capital Improvements

Capital improvements are the costs of major overhauls and modifications that add value and prolong the life of a piece of equipment. These costs should be treated as capital expenditures and depreciated over the extended or remaining useful life of either the asset or improvement, whichever is less.

4) Straight Line Depreciation Method

The straight-line depreciation method charges an equal amount for each period of useful life (generally a year). This method is considered the most practical and reasonable method for determining equipment usage costs.

5) Calculation of Depreciation Method

For annual depreciation for capitalized equipment will be estimated as follows:

- A. Start with the acquisition cost (purchase price) plus capital improvements, plus all other costs incurred to place the equipment in usage, e.g., transportation, installation. The public agency may choose to utilize replacement value for this calculation.
- B. Determine the useful life of the equipment, utilizing applicable guides such as the IRS guide.
- C. Compute annual depreciation by dividing the depreciable basis (acquisition cost plus capital improvements less residual value) by the useful life.
- D. Maintenance and Repairs
These are costs (labor and parts) that are incurred for maintenance repairs to keep the equipment in normal operating condition. These costs do not include capital improvements that add value to equipment and are accounted for under depreciation. Tires and grease are included in this classification of cost. Typically, a ledger card for each piece of equipment will be necessary to record these costs.
- E. Fuel and Oil
These costs include the labor and fuel costs of supplying the equipment with fuel of any type and oil.
- F. Equipment Storage Costs
Equipment storage costs include the cost of facilities associated with the use of equipment. These costs include equipment yards, warehouse facilities, and the cost of guards and other security measures.
- G. Insurance
These costs include the premiums paid by the public agency (whether self-insured or paid to an outside agency) for equipment insurance.

A good discussion of the calculation of internal equipment rates can be found in State Controller's Office website, http://www.sco.ca.gov/pubs_guides.htm! *Accounting Standards and Procedures for Counties* in the Road Fund Accounting section.

6.04 Equipment Rate Books (Equipment Owned by Public Agency)

Public agencies that own equipment used on public projects but do not calculate internal equipment rates shall utilize appropriate private industry equipment rate books. It is understood that industrial rates may include certain costs that are not incurred by public agencies, such as personal property taxes paid on the assessed value of the equipment and interest charges. However, these equipment usage rates in some cases do not include: the cost of fuel or other energy costs to operate a particular piece of equipment; the cost of preparatory work performed before a piece of equipment can be made operative; the costs of dies, blades or welding rods that are normally consumed in the operation of a piece of equipment; or the costs of extraordinary wear and tear. Therefore, the use of industrial rates is assumed to provide a reasonable approximation of internal rates.

Equipment rate books that are acceptable to the commission for use in lieu of internal rates include:

- *Caltrans Labor Surcharge and Equipment Rental Rates*
<http://www.dot.ca.gov/hq/construc/equipmnt.html>
- *Mechanical Contractors Association Tool and Equipment Rental Guide*
- *National Electrical Contractors Association Tool and Equipment Rental Schedule*

Use of other guides must first be reviewed and approved by the Commission.

These guides are maintained and updated on a periodic basis by the appropriate agency or association to accurately reflect current costs associated with equipment usage. If a piece of equipment or comparable piece of equipment is not included in an established guide, an internal rate shall be developed or a documented quote from an equipment leasing or rental agency may be utilized.

6.05 Rental or Lease Rates

Rented or leased equipment to be used partially or completely on public projects shall be tracked and have the appropriate amount charged to the public project. Additional costs associated with the leasing or renting of equipment used partially on a public project shall be charged on a pro rata basis, if appropriate to that project. Costs related to renting or leasing equipment generally include, but are not limited to:

- Rates
- Moving, loading, and assembly costs
- Maintenance and repairs
- Insurance
- Fuel (under some rate schedules)

CHAPTER 7 IDENTIFICATION, RATE DEVELOPMENT, AND ALLOCATION OF OVERHEAD

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CHAPTER 7 IDENTIFICATION, RATE DEVELOPMENT, AND ALLOCATION OF OVERHEAD

Identification, Rate Development, and Allocation of Overhead

7.01 Commission Adopted Simplified Overhead Rate

Prior to January 1, 2004, the Commission allowed all agencies to use a 20% overhead rate applied to all direct costs in lieu of calculating their overhead rates. Amendments to Public Contract Code section 22017 provides that cities with a population of less than 75,000 can assume the 20% rate. Cities with a population of 75,000 or over can either assume a 30% overhead rate or calculate an actual overhead rate.

The Commission determined that counties, special districts, and school districts can use a 30% rate or calculate an actual overhead rate, which is the same rule that applies to cities with a population of over 75,000.

Agencies may elect to calculate their overhead rates by one of three following methods:

- 1) Appendix A describes the federal government's method of calculating overhead (2CFR Part 200).
- 2) Appendix B describes a method of calculating overhead by allocating overhead costs as a percentage of direct labor costs.
- 3) Any method of calculating overhead is satisfactory with the Commission, provided that acceptable accounting procedures are used and all administrative costs are included.

Chapter 3, Definitions, lists items that define overhead.

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APPENDIX A COST PRINCIPLES FOR STATE, LOCAL, AND INDIAN TRIBAL GOVERNMENTS

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APPENDIX A Cost Principles for State, Local, and Indian Tribal Governments

Cost Principles for State, Local, and Indian Tribal Governments

APPENDIX A COST PRINCIPLES FOR STATE, LOCAL AND INDIAN TRIBAL GOVERNMENTS

2 CFR Part 200
(OMB Circular A-87)
Please refer to:

www.ecfr.gov

Browse: Title 2 – Grants and Agreements
Volume 1, Chapter II, Part 200

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APPENDIX B OVERHEAD DETERMINATION AND ALLOCATION PERCENTAGE OF DIRECT LABOR COSTS METHOD

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APPENDIX B OVERHEAD DETERMINATION AND ALLOCATION PERCENTAGE OF DIRECT LABOR COSTS METHOD

Identification, Rate Development, and Allocation of Overhead

B.01 Identification, Rate Development, and Allocation of Overhead

Overhead is the one cost element most frequently misunderstood and absent from public agency costs. This section defines overhead costs and the various methods used to identify, track, and allocate these costs. The Commission believes that overhead is a significant factor and that it is essential that public agencies record and allocate their costs to fairly reflect the total cost of performing public projects. It is not intended that public agencies be required to recover all their overhead costs but that overhead costs reasonably borne by public projects be allocated to these projects.

Overhead includes all costs except:

- Labor performed at the site and directly charged to any end costs objective (including other than public projects) including a pro rata share of payroll taxes and related employee benefits, such as workers' compensation, group insurance, holiday and sick leave, and similar "fringe benefits." As discussed previously, an end cost objective is a pool, center, or activity established for the accumulation of the direct cost of performing fundamental government services. Labor charged to an end cost objective should be traceable to the finished goods or services performed.
- Materials, supplies, and subcontracts actually consumed on and directly charged to any end cost objective, including related freight, sales or use tax, and handling/carrying charges if appropriate. Materials and supplies charged to an end cost objective should be traceable to the finished goods or services provided.
- Equipment costs directly charged to any end cost objective. Equipment costs charged to an end cost objective should be traceable to the finished goods or services provided.

Overhead costs represent economic resources that are employed for common or joint purposes benefiting several end cost objectives and are not identifiable to an individual end cost objective. The challenge is to achieve an equitable allocation of overhead costs to these various end cost objectives of the public agency.

Public agencies shall calculate two overhead rates or use the simplified overhead rates noted in Chapter 7:

- Unit overhead rate
- Government-wide overhead rate

Unit overhead is defined as all costs incurred by an organizational unit, such as a public project unit, department, division or section, which are not directly attributable to any end cost objective whether it be a public project or not. These costs include personnel costs, materials, supplies and subcontracts and equipment costs not directly attributable to any end cost objective. As was discussed in Chapter 4, unit overhead must be developed for public project units and organization units performing public project work.

Government-wide overhead is defined to include all costs of a public agency not associated with organizational units performing services which support all end cost objectives of the government entity.

The unit and government-wide overhead rates must be developed on an annual basis. These rates should be developed prior to the fiscal year and applied to the productive hourly rate as discussed in Chapter 4.

B.02 Unit Overhead

Unit overhead is made up of personnel costs, materials, supplies and subcontracts, equipment usage and facilities costs that are not identified as direct costs. As was stated in Chapter 4, unit overhead rates shall be developed for public project units and any other organizational units whose employees may perform work on public projects.

Cost Components

Components which shall be included in the calculation of unit overhead include, but are not limited to, costs incurred within the organizational unit related to:

- Administration
- Accounting/finance
- Clerical assistance
- Facilities
 - Rental costs (Depreciation of facilities purchased or constructed by a public agency is not required by the Commission).
 - Utilities
 - Insurance
- Data processing
- Direct labor not charged to direct activities
- Materials and supplies not charged to direct activities
- Under-realization of labor and equipment rates

Unit overhead components shall not be included in the government-wide overhead.

Tracking of Unit Overhead

The tracking of overhead costs can be performed in two ways. Overhead can be determined through the utilization of a formal cost accounting system. This system allows for the identification of such costs as salaries and indirect materials and supplies as overhead costs, and records these costs to management overhead codes. Alternatively, cost-finding studies can be performed. A cost finding study, a less precise method of overhead determination, is usually performed on an annual basis and generally involves taking available financial accounting data and determining the value of overhead pools through various estimation techniques.

a. Public Project Unit

As discussed in Chapter 4, a public project unit's personnel shall record and account for a full workday. This enables the public project unit to track and record time spent on overhead activities and unassigned time on an actual basis. As well, the public project shall record equipment usage costs, subcontractor costs, materials, supplies and subcontracts, and facilities costs to overhead codes when not identifiable to a specific project. Thus, the public project unit accounts for all of its costs, whether they are direct costs or overhead. The public project unit will use the resulting data to develop its unit overhead rate.

b. Organizational Unit Performing Public Project Work

Personnel working for an organizational unit whose primary goals include the performance of routine maintenance work and/or other general government work are not required to account for a full workday. However, these employees must record all hours of work performed on public projects. This organizational unit shall develop a unit overhead rate through an annual cost finding study which distinguishes direct costs for end cost objectives from indirect (overhead) costs.

B.03 Government-Wide Overhead

Government-wide overhead represents costs incurred by the support functions of the governmental entity, which are not associated with an organizational unit performing end cost objectives. As was stated in Chapter 4, government-wide overhead rates shall be determined by each public agency.

Internally Developed Government-Wide Overhead Rate

Public agencies shall utilize an internally developed government-wide overhead rate. The rate methodology shall be documented and an adequate audit trail provided.

a. Cost Components

The government-wide overhead rate shall include but not be limited to costs associated with the functions shown below to the extent that they are not included in specific unit overhead rates:

- Payroll department
- Procurement/purchasing department
- Legal function
- Central administrative function
- Accounting/finance budget function
- Data processing
- Insurance (whether self-insured or premiums are paid to an agency)
- Public Relations
- Vehicle Pool

The government-wide overhead rate may exclude the costs associated with the legislative and judicial branches of the public agency.

b. Rate Development

The public agency shall develop the government-wide overhead rate of the public agency using direct labor dollars to allocate these government-wide overhead costs in a manner similar to the allocation of unit overhead.

Government-Wide Overhead

Where a government-wide cost allocation plan has been prepared under the auspices of 2 CFR Part 200 or other government-wide rate methodologies, the public agency may utilize the overhead costs or rates developed in lieu of an internally developed government-wide overhead rate, as described in this manual. The Commission recognizes that public agencies may consider these rates imprecise or inappropriate. It is acknowledged that, in developing these rates, some costs are not included because they are considered "not allowable." Thus, the rate may not recover all costs associated with the program. In contrast, an argument could be made that the

rates are calculated to recover the costs of government-wide overhead, which would occur whether or not the specially funded program was undertaken. In this instance, the rate would be considered too high. In acknowledging these arguments, the Commission wishes to identify the issues but still allow the use of these rates as a reasonable alternative for the calculation of government-wide overhead.

Overhead Allocation

The government-wide overhead rate shall be applied to the appropriate productive hourly rate after the unit overhead has been applied. See Chapter 4 for a more detailed discussion.

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State Controller's Office
Local Government Programs and Services Division
Local Government Policy Section
www.sco.ca.gov

If you have any questions contact:
LocalGovPolicy@sco.ca.gov

For additional copies:
http://www.sco.ca.gov/ard_cuccac.html

Appendix E:

Purchasing Threshold Matrixes

City of Farmersville Purchasing Threshold Matrixes

Commodities (Materials & Equipment)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$10,000	Administrative Process	Department Head	Capital Assets must be listed on Approved Capital Budget
\$10,001 - \$25,000	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	Capital Assets must be listed on Approved Capital Budget
\$25,001 - \$75,000	Competitive bidding required: <u>informal written quotes</u>	Purchasing Agent	Capital Assets must be listed on Approved Capital Budget
Over \$75,000	Competitive bidding required: formal RFP or IFB with approval from City Council	Purchasing Agent with Council Approval	Capital Assets must be listed on Approved Capital Budget

Outside Legal Services

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$50,000	Written approval from City Attorney	Purchasing Agent	PA signs contract
Over \$50,000		City Council	Mayor signs contract

Settlements & Other Agreements

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$25,000		City Manager	City Manager signs agreement
Over \$25,000	Outside of CSJVRMA MOC coverage	City Council	Mayor signs agreement

Services (Non-Construction)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$10,000	Administrative Process	Department Head	
\$10,001 - \$25,000	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	
\$25,001 - \$50,000	Competitive bidding required: <u>informal written quotes</u>	Department Head with Purchasing Agent Approval	Three bids preferred
Over \$50,000	Competitive bidding required: formal RFP or IFB	Purchasing Agent	Three bids preferred & Contract required; PA signs contract
Over \$100,000	Competitive bidding required: formal RFP or IFB with approval from City Council	City Council	Three bids preferred & Contract required; Mayor signs contract

Services (Construction)

<i>Amount</i>	<i>Conditions</i>	<i>Authorized Buyer</i>	<i>Notes</i>
\$1 - \$10,000	Administrative Process	Department Head	
\$10,001 - \$25,000	Approval Memo from the Purchasing Agent	Department Head with Purchasing Agent Approval	
\$25,001 - \$60,000	Competitive bidding required: <u>informal written quotes</u>	Department Head with Purchasing Agent Approval	Three bids preferred
\$60,001 - \$200,000	Competitive bidding required: informal bids comply with CUPCCAP	City Council	Three bids preferred
Over \$200,000	Competitive bidding required: formal RFP or IFB with approval from City Council	City Council	Three bids preferred & Contract required; Mayor signs contract

All dollar amounts are rounded to the nearest dollar to fit into threshold ranges (i.e. total cost of \$10,000.50 would fit into \$10,001 - \$25,000 range).

Federally Funded Projects / Grants Procurement

Amount	Conditions	Authorized Buyer	Notes
\$1 - \$10,000 (Micro Purchases)	Administrative Process	Department Head	
\$10,001 - \$250,000 (Small Purchases)	Competitive bidding required: <u>informal written quotes</u>	Purchasing Agent	More than one bid required
Over \$250,000	Competitive bidding required: <u>Formal process</u> <ol style="list-style-type: none"> 1. Sealed Bids (if feasible) 2. Competitive Proposals (if feasible) 3. Sole Source (if only option) 	Purchasing Agent	More than one bid required



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OFFICE OF FEDERAL
FINANCIAL MANAGEMENT

June 20, 2018

M-18-18

MEMORANDUM FOR CHIEF FINANCIAL OFFICERS AND HEADS OF SMALL EXECUTIVE AGENCIES

FROM:

Tim Soltis

Deputy Controller, Office of Federal Financial Management

SUBJECT:

Implementing Statutory Changes to the Micro-Purchase and the Simplified Acquisition Thresholds for Financial Assistance

In accordance with recent statutory changes set forth in the National Defense Authorization Acts (NDAA) for Fiscal Years 2017 and 2018, this memorandum raises the threshold for micro-purchases under Federal financial assistance awards to \$10,000, and raises the threshold for simplified acquisitions to \$250,000 for all recipients. Further, it implements an approval process for certain institutions that want to request micro-purchase thresholds higher than \$10,000. Agencies are required to implement these changes in the terms and conditions of their awards, and recipients of existing Federal financial assistance awards may implement them in their internal controls.

Background

This memorandum applies to all Federal agencies, as defined at 5 U.S.C. § 551(1), that award grants or cooperative agreements. It implements changes to the micro-purchase and simplified acquisition thresholds for financial assistance under the NDAA for Fiscal Year (FY) 2017 and FY2018. The micro-purchase threshold refers to purchases of supplies or services using simplified acquisition procedures, not to exceed an established amount pursuant to the Office of Management and Budget (OMB) Governmentwide Guidance for Grants and Agreements ("Uniform Guidance") at 2 C.F.R. § 200.67 (Micro-purchase). The simplified acquisition threshold refers to purchases of property or services using small purchase methods not to exceed an established amount pursuant to 2 C.F.R. § 200.88 (Simplified acquisition threshold). For Federal financial assistance awards, these purchases are acquired for use by a Federal program. The NDAA for FY2017 increased the micro-purchase threshold from \$3,500 to \$10,000 for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes (41 U.S.C. § 1908). The NDAA for FY2018 increases the micro-purchase threshold to \$10,000 for all recipients and also increases the simplified acquisition threshold from \$100,000 to \$250,000 for all recipients.

Implementing the NDAA for FY2017

Section 217(b) of the NDAA for FY2017 raises the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements for institutions of higher education, or related or affiliated nonprofit entities, nonprofit research organizations or independent research institutes.¹

¹ Pub. L. No. 114-328 (codified at 41 U.S.C. § 1902(a)(2)).

The NDAA for FY2017 also establishes an interim uniform process by which these recipients can request and Federal agencies can approve requests to apply a higher micro-purchase threshold. Specifically, the 2017 NDAA allows a threshold above \$10,000 if approved by the head of the relevant executive agency. For purposes of this approval, the institution's cognizant Federal agency for indirect cost rates will be the relevant executive agency as defined in 2 C.F.R. § 200.19 (Cognizant agency for indirect costs). To receive a higher threshold, the institution must either have "clean single audit findings" (*i.e.*, in accordance with 2 C.F.R. § 200.520 - Criteria for a low-risk auditee), have an acceptable internal institutional risk assessment, or the higher threshold must be consistent with State law for public institutions.

Agencies should reflect this change through policy or terms and conditions in awards for those institutions. The effective date for this change was when the NDAA for FY2017 was signed into law on December 23, 2016. OMB intends to revise the Uniform Guidance to conform with the law.²

Process for Requesting a Higher Threshold Under the NDAA for FY2017

Requests for approval should be submitted to the institution's cognizant Federal agency for indirect cost rates; however, institutions should contact the agency before sending the request to determine the correct point of contact. The cognizant Federal agency will assign review of the request to the appropriate office within the agency to determine whether to approve, and will maintain records and justification of all approvals. The request should include the threshold level being requested and the justification(s) for it based on the criteria above per Section 217(b) of the NDAA for FY2017.

Implementing the NDAA for FY2018

This memorandum also implements provisions of the NDAA for FY 2018, Pub. L. No. 115-91, which became law on December 12, 2017. Specifically, section 806 raised the micro-purchase threshold from \$3,500 to \$10,000, and section 805 raised the simplified acquisition threshold from \$100,000 to \$250,000. Pursuant to 2 C.F.R. § 200.67 (Micro-purchase) and 2 C.F.R. § 200.88 (Simplified acquisition threshold), these higher thresholds are not effective until implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Subpart 2.1 (Definitions).³

In order to allow maximum flexibility for grant recipients in light of the changes to the NDAA for FY2018, OMB is granting an exception allowing recipients to use the higher threshold of \$10,000 for micro-purchases and \$250,000 for simplified acquisitions in advance of revisions to the FAR at 48 C.F.R. Subpart 2.1 and the Uniform Guidance. Pursuant to 2 C.F.R. § 200.102 (Exceptions), OMB may allow exceptions to the Uniform Guidance when exceptions are not prohibited by statute. The exception takes effect upon the date of issuance of this memo. Agencies should apply this exception to all recipients. Recipients should document any change based on this exception in accordance with 2 C.F.R. § 200.318 (General procurement standards).

If you have any questions regarding this memorandum, please contact Mary Tutman at Mary.E.Tutman@omb.eop.gov or Gil Tran at Hai_M._Tran@omb.eop.gov.

² The American Innovation and Competitiveness Act, Pub. L. No. 114-329, § 207(b) (2017) states that the Uniform Guidance shall be revised to conform with the requirements concerning the micro-purchase threshold.

³ Codified at 41 U.S.C. § 1902(f).



BETTY T. YEE
California State Controller

November 1, 2018

City Manager
City of Farmersville
909 W. Visalia Rd.
Farmersville, CA 93223

SUBJECT: Notification Letter-Assembly Bill 2249 (Chaptered 169, Statutes of 2018)

To Whom It May Concern:

The California Uniform Construction Cost Accounting Commission (CUCCAC) in agreement with the State Controller's Office (SCO) recommended an increase to the bid limit threshold prescribed in Public Contract Code (PCC) 22032, which was signed into law. Pursuant to PCC 22020, and on behalf of the State Controller Betty T. Yee, the SCO would like to inform on the following changes effective as of **January 1, 2019**:

- a) The change would allow projects costing \$60,000 or less to be performed by employees of a public agency by force account, by negotiated contract, or by purchase order;
- b) The change would allow projects costing up to \$200,000 to be contracted by informal bidding procedures; and projects costing over \$200,000 are subject to the formal bidding process.

The noted increases are pursuant to the provisions and benefits found in the Uniform Public Construction Cost Accounting Act (Act), which provides public agencies economic benefits and greater freedom to expedite public works projects. Agencies which elect to follow the cost accounting procedures set forth by the CUCCAC in its *Cost Accounting Policies and Procedures Manual*, will benefit from these increased limits by expediting delivery of public work projects and reduced bid processing costs. A new resolution adopting the change in legislation is not required if your agency is currently subject to the Act.

We encourage participating agencies to sign up on the SCO website for CUCCAC's email subscription service to receive important information concerning CUCCAC updates and legislative changes via e-mail. For more details or to sign up for the email subscription services, please contact the Local Government Programs Services Division at LocalGovPolicy@sco.ca.gov or visit our website at https://www.sco.ca.gov/ard_cuccac.html.

Sincerely,

A handwritten signature in cursive script that reads "Sandeep Singh".

Sandeep Singh
Manager, Local Government Policy

RESOLUTION 2020-003

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERSVILLE ADOPTING THE CITY OF FARMERSVILLE PROCUREMENT POLICY

WHEREAS, the City of Farmersville wishes to provide for fair and equitable treatment of all vendors who are interested in and capable of providing supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair, and maintenance to the City for its purchase and use; and

WHEREAS, the City of Farmersville wishes to maximize the purchasing value of its public funds by establishing sensible procurement policies and procedures; and

WHEREAS, the City of Farmersville's population continues to grow and the number of purchases and the purchase price of supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair and maintenance required for municipal government operations continue to increase, and it is prudent and desirable for the City to become more efficient by streamlining organizational processes; and

WHEREAS, the City wishes to streamline handling and review of purchase contracts, afford the City Council more opportunity and time to address more important public issues, improve the economy and effectiveness of the City's purchasing efforts, and avoid unnecessary delays in purchases of routine supplies, materials, services, vehicles, machinery, equipment, appliances, apparatus, construction, repair, and maintenance necessary to provide public services to its residents by streamlining its procurement procedures; and

WHEREAS, the City wishes to implement a procurement system of quality and integrity by establishing purchasing policies and procedures which contain internal controls and safeguards by which the City's staff may ensure that proposed purchase contract awards to vendors comply with all Federal, State, and local legal requirements and verify that appropriations are budgeted and sufficient unexpended moneys remain before a commitment of public funds is made.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Farmersville, California, hereby resolve as follows:

1. Approves the establishment of the following procurement policy attached hereto as "Attachment A" empowering City staff, as appropriately designated by the policy, to do the necessary procurement work, as allowed by appropriation through the final adopted budget, is hereby adopted to govern the purchase of City supplies, goods, commodities, equipment, and services and construction projects.
2. This policy, as applicable, shall constitute the procedures and rules governing the solicitation of bids and award of contracts for public works projects and the solicitation and selection of firms for services pursuant to Chapter 3.16 of the City of Farmersville Municipal Code.

3. Regular review and updating of said policy and purchasing restrictions and thresholds shall be conducted by City staff on a routine basis and presented before Council for consideration and adoption as needed. Additionally, routine reporting of budgeting and spending of appropriated funds to City Council will continue to occur monthly.
4. This policy shall become effective upon the second reading of the Updated City of Farmersville Municipal Code Chapter 3.16: Purchases.

PASSED, ADOPTED AND APPROVED this 24th day of February, 2020 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

GREGORIO GOMEZ
MAYOR of the City of Farmersville

ATTEST:

ROCHELLE GIOVANI – CITY CLERK

ORDINANCE NO. 499

**AN ORDINANCE OF THE CITY OF FARMERSVILLE AMENDING
CHAPTER 3.16 OF TITLE 3 – PURCHASES**

The City Council of the City of Farmersville does ordain as follows:

SECTION 1: Chapter 3.16 of Title 3 of the Farmersville Municipal Code is amended to read as follows:

Chapter 3.16

PURCHASES

Sections:

- 3.16.010 Adoption of purchasing system.
- 3.16.020 Purchasing authority.
- 3.16.030 Encumbrance of funds.
- 3.16.040 Procurement Policy and Procedures

3.16.010 Adoption of purchasing system.

In order to establish efficient procedures for the purchase of supplies, equipment or services, at the lowest possible cost commensurate with quality and to clearly define authority for the purchasing function, a purchasing system is adopted.

3.16.020 Purchasing authority.

The city manager shall have the authority to purchase or contract for supplies, equipment or services required by any using department in accordance with purchasing procedures prescribed by this chapter. Within those limits as prescribed under this chapter, the city manager shall have the authority to issue purchase orders and sign contracts for the purchase of supplies, equipment and services on behalf of the city. The city manager shall have the authority to develop and administer those purchasing procedures that might be necessary to insure cost effective purchasing.

3.16.030 Encumbrance of funds.

Except in cases of emergency or where specific authority has first been obtained from city council or city manager, no purchase order or contract shall be issued unless there exists an unencumbered appropriation in the fund account against which such purchase is to be charged.

3.16.040 Procurement Policy and Procedures

The City Manager shall create and maintain a formal written procurement policy to be adopted by resolution by the City Council to remain up-to-date with current State and Federal requirements and standards. The Policy will direct City staff to create and maintain written procurement procedures to facilitate the guidelines set forth in the policy that comply with local, State, and Federal law. Said policy will be reviewed by City Council routinely and updated by

the City Manager as needed to match current standards and thresholds set forth by State and Federal Agencies.

SECTION 2: Severability. If any part of this Ordinance is held to be invalid for any reason, such decision shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have passed the remainder of this Ordinance, as if such invalid portion thereof had been deleted.

SECTION 3: This ordinance shall take effect thirty (30) days after its passage.

SECTION 4: The City Clerk is hereby ordered and directed to certify the passage of this Ordinance and to cause the same to be published once in a newspaper of general circulation, published in the County of Tulare.

The foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Farmersville held on the 10th day of February, 2020, and passed and adopted at a regular meeting of the City Council held on the 24th day of February, 2020 by the following vote:

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

APPROVED

Greg Gomez, Mayor
City of Farmersville

ATTEST:

Rochelle Giovani
City Clerk

Chapter 3.16 - PURCHASES

Sections:

3.16.010 - Adoption of purchasing system.

In order to establish efficient procedures for the purchase of supplies, equipment or services, at the lowest possible cost commensurate with quality and to clearly define authority for the purchasing function, a purchasing system is adopted.

(Ord. 278 § 1, 1984)

3.16.020 - Purchasing authority.

The city manager shall have the authority to purchase or contract for supplies, equipment or services required by any using department in accordance with purchasing procedures prescribed by this chapter. Within those limits as prescribed under this chapter, the city manager shall have the authority to issue purchase orders and sign contracts for the purchase of supplies, equipment and services on behalf of the city. The city manager shall have the authority to develop and administer those purchasing procedures that might be necessary to insure cost effective purchasing.

(Ord. 278 § 2, 1984)

3.16.030 - Encumbrance of funds.

Except in cases of emergency or where specific authority has first been obtained from city council or city manager, no purchase order or contract shall be issued unless there exists an unencumbered appropriation in the fund account against which such purchase is to be charged.

(Ord. 278 § 3, 1984)

3.16.040 Procurement Policy and Procedures

The City Manager shall create and maintain a formal written procurement policy to be adopted by resolution by the City Council to remain up-to-date with current State and Federal requirements and standards. The Policy will direct City staff to create and maintain written procurement procedures to facilitate the guidelines set forth in the policy that comply with local, State, and Federal law. Said policy will be reviewed by City Council routinely and updated by the City Manager as needed to match current standards and thresholds set forth by State and Federal Agencies.

~~3.16.040 - Petty cash.~~

~~When the estimated value of a given purchase is less than twenty five dollars, the city manager shall have the authority to authorize the use of petty cash for such purchase.~~

~~(Ord. 278 § 4, 1984)~~

~~3.16.050—Open market procedures:~~

~~Purchases of supplies, equipment or services not otherwise covered by state law with an estimated value less than ten thousand dollars that are budgeted for must be approved by the city manager.~~

~~(Ord. 278 § 5, 1984)~~

~~3.16.060—Formal bidding procedure (city procedures):~~

~~Purchases of supplies, equipment or services otherwise not covered by state law with an estimated value in excess of ten thousand dollars shall be made by the city council to the lowest responsible bidder through the formal bidding procedure.~~

~~(Ord. 278 § 6, 1984)~~

~~3.16.070—Formal bidding procedure (California law):~~

~~Purchases of supplies, equipment or services otherwise covered under state law shall be made by the city council to the lowest responsible bidder through the formal bidding procedures pursuant to state law.~~

~~(Ord. 278 § 7, 1984)~~

~~3.16.075—Public project bidding procedures:~~

~~A.—Intent:~~

- ~~1.—It is the intent of this section to direct and authorize the establishment and maintenance of informal bidding procedures for the city in accordance with Section 22034 of the Public Contract Code to govern the selection of contractors to perform public projects under the Uniform Public Construction Cost Accounting ("the Act").~~
- ~~2.—This section shall be in effect throughout the city and shall apply to the performance of all public projects undertaken by, or to be undertaken by, the city and shall be liberally construed for the accomplishment of its purposes.~~

~~B.—Definitions. For the purpose of this section, the terms, phrases and words used in this section shall have the same meaning given them in the Public Contract Code of the state of California. When not inconsistent with the context, words used in the present tense include the future, words used in the plural include the singular, and words used in the singular include the plural. The words "include," "including" or other similar words of inclusion shall mean without limitation or restriction.~~

~~C.—Force Account Negotiated Contract Purchase Order. Any public project to be undertaken by the city, the estimated cost of which is less than twenty five thousand dollars, may be performed by the city.~~

~~D.—Informal Bidding Requirements:~~

- ~~1. Any public project to be undertaken by the city, the estimated cost of which is less than seventy five thousand dollars, may be let to contract by the informal procedures established in this section.~~
 - ~~2. A list of contractors shall be developed and maintained in accordance with the provisions of Section 22034 of the Public Contract Code and in accordance with criteria promulgated from time to time by the California Uniform Construction Cost Accounting Commission.~~
 - ~~3. Where a public project is to be performed which is subject to the provisions of this section, a notice inviting informal bids shall be mailed to all contractors for the category of work to be bid, as shown on the list of contractors described in subdivision 2 of this subsection, or to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Section 22036 of the Public Contract Code. Additional contractors or construction trade journals may be notified at the discretion of the city, provided, however:
 - ~~a. If there is no list of qualified contractors maintained by the city for the particular category of work to be performed, the notice inviting bids shall be sent only to the construction trade journals specified by the California Uniform Construction Cost Accounting Commission;~~
 - ~~b. If the product or service is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.~~~~
- ~~E. Administrative Authority. The city manager is authorized to award contracts pursuant to the informal procedures established in this section, subject to the requirement that the current adopted city budget provides for the work.~~
- ~~F. Limitations. Nothing in this section shall prohibit, or construed to prohibit, the city council of the city of Farmersville, or the city manager from utilizing the alternative procedures set forth in (1) Article 25 (commencing with Section 20390) of Chapter 1 of Part 3 of Division 2 of the Public Contract Code, or (2) in Article 7 (commencing with Section 25500) of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code.~~

~~(Ord. 383 § 1, 1998)~~

~~3.16.080—Professional services.~~

~~Such services shall be defined as any city department contracting with any specially trained and experienced person, firm or corporation with special services and advice in financial, economic, accounting, engineering, legal or administrative matters. Due to the nature of these services, competitive bidding is not required; however, when the estimated value of the services is ten thousand dollars or greater a request for proposal is to be prepared by the using department and request solicited where possible from at least three vendors. All contracts or purchase orders for professional services with a value less than ten thousand dollars shall be signed by the city manager. All contracts or purchase orders for professional services with a value greater than ten thousand dollars must be approved by the city council.~~

~~(Ord. 278 § 8, 1984)~~

~~3.16.090 Open purchase orders.~~

~~The city manager shall have the authority to issue open purchase orders for certain competitive and expendable items where it is not economical to maintain an inventory and need is such that the following of normal purchasing procedures would be detrimental to the effective operation of the city.~~

~~(Ord. 278 § 9, 1984)~~

~~3.16.100 Inspection and testing.~~

~~Each department shall inspect supplies, equipment or services delivered to determine their conformance with the specifications set forth in the order. Department heads shall have the authority to require chemical or physical test of samples submitted with bids and samples of deliveries which are necessary to determine their quality and conformance with the specifications.~~

~~(Ord. 278 § 10, 1984)~~

~~3.16.110 Emergency purchases.~~

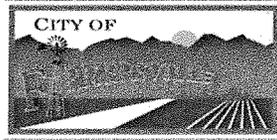
~~The normal purchasing procedures as provided for under this chapter may be dispensed with only when the purchase of supplies, equipment or services necessary to provide an essential city-supplied service affecting the public health, safety or welfare would be delayed if the normal purchasing procedures would cause an undue delay in the procurement of such items.~~

~~(Ord. 278 § 11, 1984)~~

~~3.16.120 Surplus supplies and equipment.~~

~~The city manager shall have the authority to exchange or dispose of any supplies or equipment which cannot be used by any department or which become unsuitable for city use, with an original purchase price less than ten thousand dollars. All items with an original purchase price greater than ten thousand dollars can only be declared surplus by the city council.~~

~~(Ord. 278 § 12, 1984)~~



City Council

Staff Report 8B

TO: Honorable Mayor and City Council

FROM: Jennifer Gomez, City Manager

DATE: February 24, 2020

SUBJECT: Deny Claim for Damages and Direct City Clerk to send out Notification of such to Terrie Meurer

RECOMMENDED ACTION:

That the City Council denies the claim for damages and direct the City Clerk to send out notification of such to the claimant.

BACKGROUND and DISCUSSION:

A claim for damages in the amount of \$48,000 against the City was received by the following claimant: Terrie Meurer.

After review by the Third Party Administrator, it is Staff's recommendation to deny the claim.