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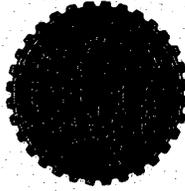
JAN 30 2014

CITY ADMINISTRATION

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JAN 30 2014 014

CITY CLERK'S OFFICE



STAFF REPORT
FINANCE DEPARTMENT

A handwritten signature in black ink, appearing to be "W. Fox", enclosed in a circular scribble.

DATE: February 4, 2014
TO: Honorable Mayor and City Council
FROM: William Fox, Director of Finance *W. Fox*
RE: Finance Department Policies and Procedures

Recommendation

It is recommended that the City Council:

1. Find the proposed motion to (1) ratify the City Administrator's decision to approve the City's "Purchasing Manual", (2) adopt the proposed "Budget Policies and Procedures", and (3) ratify the Finance Director's decision to adopt the "Accounts Payable Invoice and Check Processing Procedures"; is exempt under the California Environmental Quality Act (CEQA) in accordance with Section 15061(b)(3), the general rule that CEQA only applies to projects that may have an effect on the environment.
2. Approve a motion to (1) ratify the City Administrator's decision to approve the City's "Purchasing Manual", (2) adopt the proposed "Budget Policies and Procedures", and (3) ratify the Finance Director's decision to adopt the "Accounts Payable Invoice and Check Processing Procedures". This will allow the City to publicly formalize the completion of these recommended actions identified as part of the Good Governance Reform Efforts outlined in the State Audit Report commissioned by the Joint Legislative Audit Committee (JLAC).

Background

In 2011, California's Joint Legislative Audit Committee (JLAC) audited the City. The JLAC directed the State Auditor to investigate, study, analyze, and assess the financial practices and the performance of existing governmental and/or publicly created entities in California. The State Auditor conducted the audit and recommended the City enhance existing practices in a number of areas. Most of the recommended actions have been fully implemented, with the remaining items currently being addressed. In order to further address the remaining items, staff has prepared three documents for City Council ratification or approval. These documents memorialize the City's practices related to budgeting, purchasing and accounts payable processing.

Purchasing Manual

On December 18, 2012, as part of the Good Governance Reform Efforts, the City Council adopted Ordinance 1200 to establish new procurement and contracting procedures. As directed by that Ordinance, the City Administrator adopted, and periodically updates, a Purchasing Manual. The Purchasing Manual was developed by reviewing purchasing best practices, examining policies and procedures of other local cities, and existing City practices. As a result, the Purchasing Manual that has been developed embodies sound practices that provides for clear direction on how to handle purchasing protocol. There are several major topics addressed in the Purchasing Manual including: expenditures thresholds, competitive bidding, competitive selection, contract approvals, contract preparation, contract approval routing, exemptions, purchasing requisitions, purchase orders, credit cards and salvage property. Staff recommends that the City Council ratify the City Administrator's approval of the current version of the Purchasing Manual.

Budget Policies and Procedures Manual

A comprehensive Budget Policies and Procedures Manual has been developed to formalize City budget practices. The Budget Policies and Procedures Manual was developed by analyzing the methodology from the Government Finance Officer Association (GFOA), approaches from other local cities, and existing City practices. The end result was a comprehensive Budget and Policies and Procedures Manual. The Budget Policies portion of the manual includes policy guidelines, interim financial reporting, balanced budget development, budget planning, revenues budgeting, investments, capital improvements, debt management, fixed assets, financial reserves, inter-fund transfers, and performance measurement. The Budget Procedures portion of the manual addresses long-term goals, financial planning, operational planning, and communication. Staff recommends that the City Council adopt the procedures directly, thus ensuring that deviations from, or amendments to, said policies may only occur with City Council approval.

Accounts Payable Invoice and Check Processing Procedures

A step- by-step set of the Accounts Payable Invoice and Check Processing Procedures have been developed. The development of the procedures was done to document the actions being taken in the payment and review processes. Best practices have been followed to ensure a segregation of duties and that a review process is in place prior to payments being made. These procedures were shared with the City's external auditors who indicated the proper internal controls are in place. Staff recommends that the City Council ratify the Finance Director's approval of the current version of the Invoice & Check Processing Procedures.

Fiscal Impact

The fiscal impact of enacting the Budget Policies and Procedures Manual, Purchasing Manual, and Accounts Payable Invoice and Check Processing Procedures is not currently known. However, it is believed that development and utilization of these policies and procedures will result in increased accountability, transparency, and compliance with best practices and Good Governance reforms.

Exhibits

Exhibit 1: Budget Policies and Procedures Manual

Exhibit 2: Purchasing Manual

Exhibit 3: Accounts Payable Invoice and Check Processing Procedures

City of Vernon



Budget Policies and Procedures

Finance Department

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OVERVIEW

The City Council of the City of Vernon (hereinafter "City") desires to formally adopt a set of financial policies to guide their budget process and that they disclose those financial policies in their budget document. Formal financial policies help to focus discussion and improve decision making by providing clear, agreed upon parameters for decision making. Financial policies also facilitate the informed participation of other stakeholders in the budget process.

The City has an important responsibility to its citizens and businesses within its community to carefully account for public funds, manage municipal finances wisely, manage growth, and plan the adequate funding services desired by the public, including the provision and maintenance of public facilities.

The following Budget Policies and Procedures are designed to establish guidelines for the fiscal stability of the City. The guiding principles of the City's financial management include integrity, prudent stewardship, planning, accountability, and full disclosure.

The scope of these policies generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management, debt management, risk management, and planning concepts, in order to:

1. Demonstrate to the citizens, the businesses community, the investment community, and bond rating agencies that the City is committed to a strong fiscal operation;
2. Provide precedents for future policy makers and financial managers on common financial goals and strategies;
3. Present fairly and with full disclosure the financial position and results of the financial operations that adheres to Government Finance Officers Association (GFOA) recommended best practices; and
4. Determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the California Government Code and other pertinent legal documents and mandates.

BUDGET POLICIES

Vernon City Charter Article VIII, Fiscal Administration, sets forth how the City is to adopt its annual budget. The following Policies enhances the City's ability to carry out the intent of Vernon Charter Article VIII in a manner outlined in the OVERVIEW.

Guidelines

- The budget process and format shall be performance-based and focused on goals, objectives and performance indicators.
- The budget will provide adequate funding for maintenance and replacement of capital plant and equipment.

Interim Financial Reporting

- The City Council is to be provided with a quarterly budget reports comparing actual versus budgeted revenue and expense activity. Significant deviations between budget and actual results are to be explained. If required, budget amendments can be made quarterly.

Balanced Budget

- The City will pay for all current expenditures with current revenues. The City will avoid budgetary procedures that balance current expenditures at the expense of meeting future years' expenses, such as postponing expenditures or accruing future year's revenues. The City's balanced budget is to be adopted on a modified accrual basis.

Planning

- The City will annually prepare a Five-Year Forecast. The forecast will include estimated operating costs and revenues of future capital improvements.

Revenues

- The City will maintain a diversified and stable revenue system to shelter it from unforeseeable short-run fluctuations in any one-revenue source.
- The City will estimate its annual revenues by an objective, analytical process, wherever practical. The City will project revenues for the next year and will update this projection annually. Each existing and potential revenue source will be reexamined annually.
- Each year, the City will recalculate the full costs of activities supported by user fees to identify the impact of inflation and other cost increases.
- The City will automatically revise user fees, subject to review by the City Council, to adjust for the effects of inflation.

BUDGET POLICIES (CONTINUED)

Investments

- The City's Investment Policy sets forth the investment guidelines for all funds of the City. The Investment Policy conforms to the California Government Code Section 53600 et seq. The authority to manage the City's investment program is derived from the City Council. Pursuant to Section 53607 of the California Government Code, the City Council appoints the City Treasurer and approves the City's Investment Policy. The Treasurer is authorized to delegate this authority as deemed appropriate. No person may engage in investment transactions except as provided under the terms of the Investment Policy and the procedures established by the Treasurer.
 - Investment Derivative Instruments (Swaps) are examined on a daily basis. Comparison of current investment values of the counterparty is compared to the City's investment position. Deviations are examined to determine if the swaps are eligible for termination. Swaps that result in no additional capital are to be refunded. Those instances where small financial liabilities exist are to be examined with City Council for further direction.

Capital Improvement

- The City will develop a multi-year plan for capital improvements and update it annually. The initial plan will be developed as part of the City's first Comprehensive Plan.
- The City will enact an annual capital budget based on the multi-year Capital Improvement Plan.
- The City will coordinate development of the capital improvement budget with development of the operating budget. Future operating costs associated with new capital improvements will be projected and included in operating budget forecasts.
- The City will use intergovernmental assistance to finance only those capital improvements that are consistent with the Capital Improvement Plan and City's priorities, and which include operating and maintenance costs in operating budget forecasts.
- The City will maintain all its assets at a level adequate to protect the City's capital interest and to minimize future maintenance and replacement costs.
- The City will determine the least costly financing method for all new projects.

BUDGET POLICIES (CONTINUED)

Debt Management

- The City shall review its outstanding debt quarterly for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service costs. In order to consider the possible refunding of an issue, a Present Value savings of three percent over the life of the respective issue, at a minimum, must be realistically attainable.
- The City will confine long-term borrowing to capital improvements or projects that cannot be financed from current revenues.
- When the City finances capital projects by issuing bonds, it will pay back the bonds within a period not to exceed the estimated useful life of the project.
- Whenever possible, the City will use special assessment, revenue, or other self-supporting bonds instead of general obligation bonds, so those benefiting from the improvements will bear all or part of the cost of the project financed.
- The City will not use long-term debt for current operations.
- The City will maintain good communications with bond rating agencies regarding its financial condition. The City will follow a policy of full disclosure on every financial reports and borrowing prospectus.

Fixed Assets

- Fixed assets include equipment, computers, furniture and vehicles. Once purchased, all capital items are maintained in the physical inventory and Capital Replacement Program until disposed. GFOA's recommended capitalization threshold level for individual items is \$5,000, with a minimum life of 2 years.
 - Capital items (fixed assets) shall be identified for purchase through three methods:
 - New
 - Replacement
 - Emergency
 - Every two years, as part of the Capital Replacement Program Budget, a complete inventory of fixed assets will be distributed to every department and division. At that time, all items on the inventory must be physically verified by a representative and corrections or changes made on the inventory sheets.

Financial Reserves

- On an annual basis, after the year-end audit has been completed, the staff shall produce a schedule of all fund surpluses and deficits, with projections of reserve requirements and plan for the use of an excess surplus for the current year.

BUDGET POLICIES (CONTINUED)

Use of Financial Reserve and Surplus

- The Financial Reserve and Surplus Policy is used not only to ensure compliance with stated policies, but also to analyze the total reserve and surplus picture to ensure that the policies as provided do not inadvertently create adverse effects. The Finance Director may make changes to any policies in the Use of Financial Reserve and Surplus Policy based on needs identified in this analysis.
- Working Capital
 - The General Fund unappropriated fund balance should be maintained in an amount greater than or equal to the amount approximating 60 days of working capital.
 - The City shall include in the General Fund operating budget annually a contingency account equal to 0.5% of the General Fund total expenditures, less charge backs, debt service, interfund transfers and capital expenditures. This contingency will expire at the end of each fiscal year and balances will not be brought forward.
 - The City shall strive to establish and then maintain a reserve of \$5,000,000 for working capital in the event of a natural disaster or operating emergency.
- Surplus
 - It is the intent of the City to use all surpluses generated to accomplish three goals:
 - Meet reserve policies
 - Avoidance of future debt
 - Reduction of outstanding debt
 - Any surplus realized in the General Fund at year-end shall be used first to meet reserve policies as set forth in this policy. Excess surplus will then be used for the following purposes:
 - Capital replacement program
 - Retirement or refinancing of existing debt
 - Cash payments for capital improvements
- Deficit
 - It is the intent of the City to minimize all fund balance deficits by incorporating GFOA's recommended best practices including its Fiscal First Aid. The City will diagnose and communicate any fund balance deficits with the following recommendations to City Council:
 - Primary Treatments – treatments that are recommended as the first line of defense and should be considered as a first option. In many cases, these treatments not only provide immediate help but also improve the long-term prognosis.
 - Treatment to Use with Caution – treatments that may be called for if the primary treatments are not sufficient. However, the side effects of these treatments could potentially worsen financial condition if used improperly.

BUDGET POLICIES (CONTINUED)

- Treatment to Use with Extreme Caution – treatments that might help the near term financial situation, but could ultimately work against financial sustainability. For example, a treatment might damage the City's reputation, thereby reducing the public's support for local taxes.
- Treatments Not Advised – treatments that can get the City into trouble.

Interfund Transfers

- The maximum allowable Interfund Transfers are hereby established at twenty percent (15%) of fund revenues.
- The determination of Interfund Transfers and the purpose for the use of such transfers shall be stated with sufficient detail to justify its public purpose.
- Any amount Interfund Transfer shall be in conformance with any existing bond covenants while bonds are outstanding.
- For an example calculation, see Exhibit 1.

Performance Measurement

- Every two years, the City shall create a Strategic Plan that identifies the Strategic Priorities for the following two years, with three to five goals to be achieved.
- Annually, each department shall develop departmental performance measures that support achieving successful results of those goals with the City Administrator. Goals should be related to core services of the department and should reflect customer needs. The measures should be a mix of different types, including effectiveness, efficiency, demand and workload. Measures should have sufficiently aggressive goals to ensure continuous improvement.
 - Department Directors shall establish performance measures for each division or program within their department to monitor and project program performance.
 - Quarterly summaries of progress and departmental performance measures will be published and distributed.
 - A "State of the City" report shall be promulgated that summarizes the operational and financial performance of the City each Fiscal Year.

BUDGET PROCEDURES

Vernon Municipal Code Chapter II, City Administration, sets forth how the City Administrator is to supervise the preparation of a detailed budget. The following Procedures enable the City Administrator's and Department Heads' to follow the City's BUDGET POLICIES.

- **Step 1 – Long Term Goals**
 - **Long-Term Initiatives (5 year foresight)**
 - Evaluate City's vision, mission, and values.
 - Evaluate City's goals and objectives of the above.
 - Evaluate City's prioritization of the above.
 - Evaluate City's expected outcomes of the above.
 - **Short-Term Initiatives (1 year foresight)**
 - Evaluate short-term goals.
 - Evaluate service level assumptions.
 - Evaluate budget impact - revenues and expenditures.
 - Evaluate staffing level changes.
 - **Significant Changes (1 year look back)**
 - Evaluate specific issues and action causing significant changes.
 - Policy issues
 - Economic factors
 - Regulatory issues
 - Legislative challenges
 - Evaluate emerging issues or change in priorities.
 - **Goals and Objectives by Department (1 year foresight)**
 - Evaluate department goals and objectives.
 - Evaluate how department goals are linked to overall City goals.
 - Evaluate short-term objectives, measurable results to be achieved.
 - Evaluate timeframes of achieving those objectives.

BUDGET PROCEDURES (CONTINUED)

- **Step 2 – Financial Plan**

- **Fund Structure**

- Determine City's budgetary fund structure.
- Identify appropriated funds and fund structure that differs from audited financial statements.

- **Revenues, Expenditures, and Other Financing Sources/Uses**

- Determine functions, programs, and object classes.
- Compare proposed budget with prior year.
- Compare proposed budget with current year.
- Prepare a City-wide summary by:
 - Operating.
 - Debt Service.
 - Capital.
 - Non-Operating.
- Prepare a five year historical trend.
- Prepare a five year forecast.

- **Revenue Assumptions**

- Describe major revenues.
- Describe trends and underlying assumptions used in revenue estimation.

- **Fund Balance**

- Define fund balance.
- Prepare five year historical trend.
- Prepare five year forecast.

- **Net Position**

- Define net position
- Prepare five year historical trend.
- Prepare five year forecast.

BUDGET PROCEDURES (CONTINUED)

- **Capital Expenditures**
 - Define capital expenditures.
 - Summarize capital expenditures.
 - Routine.
 - Non-routine.
 - Identify and match funding source.
 - Explain how the City's current and future budget will be impacted.
 - Financial impact.
 - Non-financial impact.

- **Debt Service**
 - Define debt service.
 - Include definition of derivative instruments issued with the debt.
 - Include definition of hedging activities
 - Effective hedge
 - Ineffective hedge
 - Relationship to the City's Investment Policy
 - Summarize debt service.
 - Identify and match funding source.
 - Explain how the City's current and future budget will be impacted.
 - Current debt obligations.
 - Legal debt limits.
 - State law.
 - City Charter, ordinance, resolution, by-laws or other.
 - Bond covenants to be met.
 - Ratings to be met.
 - Triggering events.
 - Refunding options.
 - Principal repayment structure
 - Interest payment based on that structure
 - Cost of refunding
 - Visible
 - Non-visible

BUDGET PROCEDURES (CONTINUED)

- **Step 3 – Operational Plan**
 - **Functions**
 - Describe responsibilities.
 - Describe future trends, issues, and challenges.
 - **Performance Measures**
 - Set long-term performance measures.
 - Set short-term performance measures.
 - Set workload, efficiency, effectiveness, and outcome measures.
 - Evaluate link between those performance measures with goals and objectives.
 - **Organization**
 - Present an organizational chart useful internally as well to the public.
 - Summarize personnel count and cost of salaries and benefits for the prior, current, and budgeted year by function and program.
- **Step 4 – Method of Communication**
 - Prepare a City-wide Budget-In-Brief with key facts about the budget without having to refer to the full budget document.
 - Post on City website and make handouts available to the public.
 - Explain budget issues in clear understandable terms.
 - Explain any projections which involve a degree of uncertainty
 - Explain steps taken to address any budgetary issues.
 - Use financial summaries and graphs.
 - Explain the planning process and the budget process taken.
 - Use tables to show planning processes.
 - Provide narrative interpretations.
 - Use diagrams to show planning processes.
 - Provide narrative interpretations.
 - Show long-term effects of planning process.
 - Describe the process of preparing, reviewing, and adopting the budget.
 - Describe the procedures that will be following when amending the budget.
 - Identify who is responsible for each stage of the budget process.
 - Explain the legal requirements that were important in the budget process.

BUDGET PROCEDURES (CONTINUED)

- Explain how the citizens and business contributed to the budget process.
- Present the budget calendar that was used.
- Provide narrative, tables, schedules, or matrices to show the relationship between functional units, major funds, and non-major funds in the aggregate.
- Include table of contents to make it easy to locate information in the budget document.
- Include a glossary, including abbreviation and acronyms, of budgetary terms that is not readily understandable to a reasonable informed lay reader.
- Include statistical and supplemental data that describe the City organization, its community, and its make-up.
- All documents should be produced and formatted in such a way as to enhance its understanding by the average reader. It should be attractive, consistent, and oriented to the reader's needs.

EXHIBIT 1

City of Vernon

Light and Power Interfund Transfers Policy

APPLICABILITY

This Interfund Transfers Policy (Policy) shall establish the criteria for the determination, calculation, and timing of the Light and Power Fund's (L&P's) interfund transfers to the General Fund. Governmental Accounting Standards Board (GASB) classifies interfund activities into reciprocal and nonreciprocal activities. Reciprocal interfund activity includes interfund loans whereas nonreciprocal interfund activities include interfund transfers. This policy establishes the criteria for interfund transfers. Please refer to Resolution No. 2012-215 for a policy on interfund loans.

CALCULATION OF INTERFUND TRANSERS

- The maximum allowable Interfund Transfers are hereby established at 15% of L&P's retail sales.
- The determination of Interfund Transfers from L&P to the General Fund (General Fund Transfer) and the purpose for the use of those funds by the General Fund shall be established within the City's adopted budget.
- The amount budgeted for the General Fund Transfer shall be in conformance with L&P's bond covenants while bonds are outstanding. **See Example Calculation on Page 3.**

TIMING OF GENERAL FUND TRANSFER

Transfers from the Light and Power Department to the City General Fund shall occur monthly. For the first 11 months of the fiscal year (July-May) the amount transferred shall be 1/12th of the Budgeted General Fund Transfer amount. In the final month of the fiscal year (June), a true up will be calculated using Fiscal Year End financial results which will ensure that the amount transferred from the Light and Power Fund to the General Fund does not exceed the amount permitted under the Bond Covenants and this Policy. **See Example Calculation on Page 3.**

REVISION OF GENERAL FUND TRANSFER POLICY

This Policy may be revised from time to time as needed to adjust and comply with any subsequent revisions in Bond Covenants, or other limits placed upon the Transfer of Light and Power Funds to the City's General Fund in compliance with all applicable local, state and federal laws. The establishment and revision of this Policy shall be solely at the direction of the City of Vernon City Council.

**EXAMPLE CALCULATION
GENERAL FUND TRANSFER**

The calculation of Net Transferable Income as contained in the 2012 Series Bond Covenants is calculated as follows:

The transferable income shall be determined as the lesser of: (A) net transferable income, and (B) the maximum transferable income.

(A) Net transferable income:

(i) Net revenues available for debt service	\$57,475,282
(ii) Withdrawal from / (deposit to) stabilization fund	20,000,000
(iii) Withdrawal from / (deposit to) capital improvement fund	(0)
(iv) Withdrawal from (deposit to) emergencies fund	(0)
(v) Debt service	<u>(55,121,554)</u>
Net transferable income (sum of the above)	<u>\$22,353,728</u>

(B) Maximum transferrable income:

(i) 11.5% of retail sales (\$120,465,374 x 11.5%)	\$13,853,518
(ii) Allocated administrative overhead cost from General Fund	(2,872,661)
(iii) Franchise payment to General Fund (3% of retail sales)	<u>(3,506,321)</u>
Maximum transferrable income (sum of the above)	<u>\$7,474,536</u>

(C) Allowable interfund transfer (lessor of A and B) \$7,474,536

Note: As disclosed in Note 4 to the 2012 Audited Light and Power Enterprise Financial Statements, operating transfers excluding franchise payments were \$5,640,769 which is \$1,833,767 less than the Allowable Interfund Transfer of \$7,474,536 calculated in the example above.

Note: This Interfund Transfer Policy is for budgetary purposes only. The actual requirements of the bond covenants are more extensive but management believes that this policy gives the readers a reasonable basis to calculate interfund transfers. For a better understanding of the bond covenants, the reader is encouraged to read the official statements and the annual continuing disclosures submitted to the Municipal Securities Rulemaking Board at <http://emma.msrb.org/>

City of Vernon



Purchasing Manual

Finance Department

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Introduction

The purpose of this manual is to provide a simple, yet informative, reference for following the City of Vernon's (Hereinafter "City") purchasing policies and procedures. The purchasing function is part of the Finance Department, which is responsible for planning, organizing, directing and evaluating purchasing activities.

To attain the City's overall procurement goals and objectives, the Purchasing of the Finance Department (Hereinafter "Purchasing") administers the Competitive Bidding and Purchasing and Living Wage Ordinances and salvage processes. Purchasing also processes all City Purchase Orders and manages the City's Credit Card Program.

The procurement process is designed to ensure that the citizens and stakeholders of the City are receiving maximum value for their tax and revenue dollars. We, as caretakers to this sacred trust, must give primary consideration to the public's interest and the City's interest as it relates to procurement related matters. City employees must exercise care to avoid any situation or practice that may appear improper and always endeavor to obtain the maximum value for each dollar expended. Following the required procedures is the only lawful method of contracting for material, supplies and labor by the employees of the City.

Purchasing staff strives to conduct all purchasing transactions with fairness and give all qualified vendors equal opportunity while demanding truth and honesty in the procurement process at all times.

Purchasing is dedicated to serving City departments by assisting in the preparation of Bid Specifications and Request for Proposals and is available to provide guidance and answer any questions on procurement related subjects.

Purchasing continues to work towards understanding the needs of our customers. This understanding will allow us to make the "right" decisions to meet external customers' needs, while also fulfilling the requirements of our internal customers.

Purchasing Expenditure Thresholds

The Competitive Bidding and Purchasing Ordinance, Article IV of Chapter 2 of the Vernon Municipal Code (§§ 2.17.00 *et seq.*), has established expenditure (dollar) thresholds that determine which procedures are used.

These procedures apply to all purchases less than \$3,000 (See Exhibit 1):

- For purchases less than \$3,000 only one quote is required.
- Purchases may be made using City Credit Card.

These procedures apply to purchases over \$3,000 and up to \$25,000 (See Exhibit 2).

- Purchases less than or equal to \$25,000 are processed informally, through vendor quotations.
- Informal quotations may be obtained via phone, fax, e-mail, etc.
- At least three quotes are required.
- When making purchases less than or equal to \$25,000, criteria other than price can be used, e.g., delivery time, quality, and vendor experience. If using criteria other than price, the criteria should be stated somewhere on the quote documentation.
- Departments shall maximize the use of the City's website to publicize contracting opportunities as well as to inform the public about contract awards and proposed awards at all dollar levels.
- If the required number of vendors cannot be identified, Purchasing will process the request provided a brief explanation of the outreach effort provided.

Purchasing Expenditure Thresholds (cont.)

These procedures apply to purchases over \$25,000 (See Exhibit 3):

- Purchases in this category are subject to competitive bidding or competitive selection depending on the type of purchase (formal bids).
- Contracts in this category are subject to the Vernon Living Wage Ordinance.
- Contracts in this category are presumed to be subject to Prevailing Wage and related Labor Code requirements.
- Bid Specifications (Notice Inviting Bids) must be posted on the City's website and published at least one day in a newspaper of general circulation for a minimum of ten calendar days before bid opening.
- Request for Proposals need not be published in the newspaper, but Departments shall maximize the use of the City's website to publicize the Request for Proposals to insure broad participation by qualified individuals as well as to inform the public about contract awards and proposed awards at all dollar levels.
- Pre-bid meetings may be held to answer questions related to bids or RFP's. These meetings may be voluntary or mandatory.

Competitive Bidding

Competitive Bidding is used to procure labor, materials and supplies in excess of \$25,000. Examples include tree trimming, vehicle purchases and construction work. Competitive Bidding is a "price only" selection process where the contract award is to the lowest Responsive and Responsible bidder. Responsiveness relates to whether a bidder has met the requirements of the City's specifications. Responsibility relates to the bidders general business standing, such as financial stability, performance on prior contracts of similar a nature, etc.

- Competitive Bidding requires a Specification that spells out the requirements of the project to all potential bidders. Specifications include standard "boilerplate" requirements and technical requirements/scope of work.
- Disadvantaged Business Enterprise (DBE) and Small Business Enterprise (SBE) firms are strongly encouraged to participate in the City's contract opportunities. City projects which are funded in whole or in part with federal funding sources are subject to DBE requirements as set forth in Title 49 of the Code of Federal Regulations (CFR), Part 26, and the State of California Department of Transportation Disadvantaged Business Enterprise (DBE) Program Plan, as well as other Caltrans guidelines. For these projects, specific DBE requirements and project goals will be detailed in the project's bid specifications.
- Departments shall consult with Risk Management to determine and set any special insurance requirements for the work which shall, in turn, be incorporated into the form of contract provided with the Specification (See Exhibit 4).
- The City Attorney, City Administrator, and the Finance Director or their official designees must approve all Specifications prior to issuance.
- A bid security in the amount of 5% of the bid price or another predetermined amount either in the form of cash, certified or cashier's check, money order or surety bond is generally required. The purpose of a bid security is to discourage frivolous and bad faith bids. In addition, the bid security is used to ensure that a successful bidder does not back out of entering into the contract. Should the successful bidder back out of entering into the contract, the City retains their bid security.
- If the contract involves labor, the contractor will be required to provide general liability, auto and workers' compensation insurance (See Exhibit 4).

Competitive Bidding (cont.)

- Contract bonds may be required. There are two types of contract bonds: Payment and Performance. Payment bonds are required for projects involving labor and materials, in an amount no less than 50% of the contract price. Payment bonds give financial protection to laborers, subcontractors and suppliers who perform work or supply materials on public construction. Performance bonds guarantee the City reimbursement for any reasonable cost in completing a project in the event a contractor is unable to complete the work or when the cost of completion is in excess of the contract price. Performance bonds are usually equal to 100% of the contract price.
- Vernon Municipal Code § 2.17.14 requires that competitively bid contracts be advertised at least once in a newspaper of general circulation in the City and posted on the City's website.
- The Notice Inviting Bids states:
 - The type of contract being issued;
 - Where the specifications can be obtained;
 - The date and time at which responses are due and will be opened.
- Any bid received after the stated deadline will be rejected. At the time of bid opening, which is usually held in the City Clerk's office and is always held in public, each bid is opened and the respective bid prices are read aloud.

Competitive Selection

Competitive Selection is a process whereby various criteria are used to determine which proposer offers the City the “overall best value.” Criteria in addition to cost are weighed and a contract can be awarded to another proposer other than the proposer with the lowest price.

- Contract awards are based on a written request for proposals (RFP) or request for qualifications (RFQ).
- Departments shall consult with Risk Management to determine and set any special insurance requirements for the work which shall, in turn, be incorporated into the form of contract provided with the Specification (See Exhibit 4).
- The City Attorney, City Administrator, and the Finance Director or their official designees must approve all RFPs/RFQs prior to issuance.
- RFPs/RFQs outline the details by way of a Scope of Work that defines what the selected firm will do for the City such as conduct a study, deliver a customized software program, etc.
- Proposals are assessed via evaluation criteria that explain how the proposals will be evaluated and a firm selected.
- The Competitive Selection process is not a price-only determination; price is only one of the three required criteria. (But if a contract is for architectural or related services, price cannot be a factor). The other two required criteria are demonstrated competence, and relevant professional qualifications. Additional criteria may be included. For example criteria may be added to meet certain grant or legal requirements (for example, Assembly Bill 939 promoting the use of recycled/recyclable supplies and materials to help reduce material going to landfills by 50 percent) or to encourage environmental sustainability by including provisions relating to:
 - Sustainable performance and reporting requirements, as well as green certification and product evaluation criteria.
 - Environmental preferred purchasing.
 - Energy Star or energy/water efficient equipment.
 - Extended producer responsibility.
 - Low/non-toxic supplies and chemicals in janitorial and maintenance services.
- RFPs list those items, under the title “Contents of Proposals”, that proposers must provide in their proposal to be responsive and for their proposal considered.
- RFP evaluators should negotiate for best rates or rates similar to those provided to other government agencies.

Competitive Selection (cont.)

- There should be a relationship between the contents of proposals and the evaluation criteria. For example, if one of the evaluation criteria is prior experience, the contents of proposals section should require the submission of resumes, references, corporate history, etc.
- Unlike Competitively Bid contracts, contracts subject to Competitive Selection are not required to be noticed in the newspaper. However, a notice must be placed on the City's website, and Purchasing is responsible for ensuring that the availability of the Request for Proposals is broadly known. For example, this can be accomplished through trade journals, newspapers or directly mailing to vendors.

Contract Approval

Upon completion of either a competitive bid or selection process, all contracts must be approved by the appropriate approval authority. The contract approval authority is dependent on the dollar amount of the contract. All contracts/agreements provided by any vendor requiring City's signature must be approved as to form by the City Attorney prior to execution.

- Contracts (Purchase Order/Contract) up to \$25,000 are approved by the Finance Director.
- Contracts in excess of \$25,000, but less than \$75,000 are authorized by the City Administrator.
- Contracts equal to or in excess of \$75,000 must be approved by the City Council. An agenda report detailing the need for the contract, compliance with the law in the process used to select the contractor, as well as the source of funding must be prepared to obtain approval from the City Council.
 - On occasion, vendors may ask that you sign their contract - **DON'T**. There are very few people in the City who are authorized by City Council to bind the City into a contract. As for objections to the City's standard terms, vendor contracts should be forwarded to the Finance Director for review, which may also necessitate involvement of the City Attorney.
- Before a contract can be drafted, it must be authorized, in writing, prior to preparation.
 - Contracts (Purchase Order/Contract) up to \$25,000 require a signed Purchase Order/Contract properly requisitioned through the Eden Purchasing Module or Contract Management Module.
 - Contracts over \$25,000, and less than \$75,000, require a signed memorandum from the City Administrator.
 - Contracts equal to or over \$75,000 requires a City Council Agenda Report certified by the City Clerk signifying its approval.
- Once approved by the appropriate authority, the contract is prepared.

Contract Preparation

The City has several standard contract forms each with its own particular terms and conditions. The contracts include: Labor & Materials, Furnish & Deliver, Professional Services and the Purchase Order/Contract. The type of contract used for a particular transaction is determined by the nature of the transaction.

- Generally speaking, everything up to \$25,000 is accomplished by way of the Purchase Order/Contract.
 - Vendors who provide labor or service on-site are required to have insurance first. Purchase Contracts which include vendor labor or service should be prepared in the Eden Contract Management Module (See Exhibit 5).
 - Purchase Orders for material and equipment which does not include vendor labor or service on-site should be requested through the Eden Purchasing Module (See Exhibit 6).
- Contracts for labor in excess of \$25,000 use the Labor & Materials Contract.
- The Furnish & Deliver Contract is used for purchases of equipment/materials in excess of \$25,000, although sometimes the Purchase Order/Contract is used, particularly when the purchase is straightforward, like vehicles or equipment.
- The Services Contract, sometimes called the Personal Services Contract, is reserved for consulting, engineering and other similar services in excess of \$25,000.
- Specifications or RFP's, along with the contractor's bid or proposal become part of the contract. Some Contract terms may be negotiable with the notable exception of those that have been Competitively Bid.
 - The City Attorney's Department and Purchasing are resources to be used in developing/negotiating contract terms.
- All of the general terms and conditions of the contracts have been approved by the City Council, and cannot be materially changed without City Council approval.
- **With only one exception, the City Attorney's Office must approve each contract as to form.** City Attorney approval is not required *only if* (1) the contract is documented on the *exact* Purchase Order/Contract approved by the City Council and (2) the Contractor is not requiring that the City sign any other document (such as the Contractor's own purchase order form).

Contract Routing

Contract Routing ensures that all of the up-front contractual requirements have been met, such as, insurance, bonds, living wage and other necessary forms and obligations have been provided adequately.

- Contractors are required to execute two duplicate original contracts prior to execution by the City.
 - Just as there are limited City officers who can bind the City into a contract, not every employee of a contractor can legally execute agreements. The City will only accept signatures of authorized to bind the Contractor. The document, "City of Vernon Signature Requirements for City Agreements" describes who must sign proposed contracts (See Exhibit 7).
 - Any contracts submitted without the proper signature requirements will be returned to the handling department to obtain required signatures.
- Once an authorized representative of the contractor has signed the contract, it should be routed for approval within the City.
 - The City has a standard Contract/Contract Amendment Signature Routing Form (See Exhibit 8).
- The department requisitioning or issuing the contract is responsible for putting the contract together, securing all of the necessary insurance certificate and bonds (See Exhibit 4). The department completes the routing form, provides the required information and routes the form along with the contracts to each person on the routing list.
 - **Even though some of the reviews may seem to be not applicable to a given contract, each department person on the routing form must review and sign-off on the form.**
- Once all sign-offs are complete, the original contracts will be given to the City Clerk department and attested to by the City Clerk. The City Clerk department will transmit a duplicate original to the contractor, unless requested otherwise by the handling department. The City Clerk department will maintain an original contract and all supporting documents on file.

Exemptions

An exemption from Competitive Bidding or Competitive Selection may be requested under certain circumstances. Although all contracts in excess of \$25,000 are subject to either Competitive Bidding or Competitive Selection, there are some cases where the process may be dispensed with and an exemption may be granted.

- For Contracts under or equal to \$25,000, an exemption from the informal quote requirement may be granted for a variety of reasons. These reasons include contracts with other governmental entities, contracts with sole source providers and contracts for which the City's best interests are served. (See VMC § 2.17.12).
- Requests for exemptions under or equal to \$25,000 must be documented on a Request for Exemption Form. The Finance Director must approve the exemption before a purchase order is issued.
- For contracts over \$25,000, an exemption may be granted for the following reasons (VMC § 2.17.12):
 - Exemptions from competitive bidding:
 - Labor or services rendered by any City officer or employee or furnished by one City department to another City department.
 - Contracts for labor, material, supplies, or services available from only one vendor or for unique services.
 - Contracts for the acquisition of real property or relating to the acquisition of real property.
 - Contracts for labor, material, or supplies for actual emergency work.
 - Contracts with other governmental entities or their contractors for labor, materials or supplies.
 - Contracts for the acquisition, sale or transmission of electrical power, gas, water, or telecommunications, and for commodities and services of or for the water and power utilities operated by the City, where it is not commercially reasonable to procure them through standard bidding or request for proposal procedures. All such process for procurement shall be made pursuant to Resolution of City Council.
 - Any contract authorized by California Government Code § 5920 et seq. and any successor provisions thereof, and for which a competitive financing process has been established by Resolution of the City Council.
 - Contracts for insurance, bonds, advertising, membership dues, travel, travel related expenses and for training, except that brokers and agents for same shall be procured through a competitive selection process unless not commercially reasonable not to do so.
 - Contracts for labor, material, supplies or services up to \$25,000.

Exemptions (cont.)

- Exemptions from competitive *selection* (but not competitive bidding):
 - Any of the types of contracts exempted from competitive bidding.
 - Specific contracts where a determination is made that the best interests of the City are served by a direct award of the contract without a competitive selection process. The City Administrator shall have the authority to make such an exemption for all contracts of less than \$75,000, and the City Council shall have the authority for all contracts of \$75,000, or more.

- There is no “**best interest**” exemption from Competitive Bidding, while there is one for Competitive Selection.

- The City Administrator must approve, with the concurrence of the Finance Director, all requests for exemptions for contracts over \$25,000 and less than \$75,000.

- The City Council must approve all requests for exemptions for contracts equal to or over \$75,000.
 - The appropriate level of authority must approve any request to increase a contract beyond the authorized contract threshold.

Purchasing Requisitions

For Purchasing to generate a purchase order, departments must prepare a requisition using the electronic form in the Eden Purchasing Module and have the electronic form approved by Department Heads.

- Purchase Orders for material and equipment which does not include vendor labor or service on-site should be requested through the Eden Purchasing Module (See Exhibit 6).
- To complete a requisition, provide the complete vendor name (please do not abbreviate vendor name), address, phone number, vendor contact name, and fax number (if available).
- Next, provide a complete description of materials, supplies or services that are being purchased.
- Indicate cost on the requisition by delineating unit prices (do not include tax on the unit price).
- Freight charges (if any) should also be included on the total of the requisition (generally, freight is not subject to sales tax).
- A certificate of insurance is required anytime a vendor comes to a City property to provide any type of work, therefore, no matter how small the job or dollar amount, proof of insurance is to be obtained and approved by Liability and Claims Section before a requisition is sent to Purchasing (See Exhibits 4 and 8).
- All accounts need to be validated for accuracy (fund, department, object, and project numbers). Also, accounts need to be verified to confirm that there is enough money budgeted in the account before the requisition is sent to Purchasing.
- Request for increases/decreases are to be made via change order. Change orders should indicate the vendor name, purchase order number, and increase/decrease amount with the new total balance of the purchase order.
- All requisitions, exemptions and other forms must be signed and dated.

Purchase Orders

A Purchase Order is generally the easiest and most efficient method to enact a purchase. It is designed to save time with a preprinted well-defined set of standard terms and conditions.

- Purchase Contracts which include vendor labor or service on-site should be prepared in the Eden Contract Management Module (See Exhibit 5).
- Purchase Orders for material and equipment which does not include vendor labor or service should be requested through the Eden Purchasing Module (See Exhibit 6).
- Vendors providing labor or services on-site are required to provide general liability, auto and workers' compensation insurance (See Exhibit 4).
 - Detailed information regarding insurance may be obtained from the Finance Department.

Credit Cards

Introduction: The purpose of the City's Credit Card Program is to establish a more efficient cost effective method of purchasing City materials and supplies. The program will help to expedite purchases as well as reduce the number of purchase orders, invoices and checks. This Program compliments the existing procurement processes and procedures.

Up-Front Authority: For the Credit Card to have its most beneficial impact on how the City conducts its purchasing and payment processes, the purchasing authority is designed to be "up front." Essentially, the cardholder is delegated the authority (by management or their supervisor) to purchase certain goods and materials within specified dollar amounts for business related purposes for the City.

Overview

- Although it is not required, City employees are encouraged to make purchases from vendors who provide government discounts when using credit cards. Employees may contact Purchasing for a listing of such preferred vendors and inform Purchasing of new ones when they are identified (See Exhibit 9).
- The City's Credit Cards are issued in the City of Vernon employee's name. (Temporary employees are not eligible to receive a City Credit Card)
- Authorization to receive a Credit Card must be obtained from the Department Head.
- Each employee that is issued a Credit Card is responsible for the security of the card and all transactions associated with it.
- The City's Credit Cards work much like personal credit cards. The cards may be used at any approved class of vendor that accepts VisaCard™. The card may be used for in-store purchases, mail, telephone, and internet or fax orders.
- Transaction limits are established and authorized by each Department Head and approved by the Finance Director.
- The City is required to pay sales and use tax that would normally apply to the purchase.

Credit Cards (cont.)

Definitions

Cardholder: A City of Vernon "full-time" employee who has been approved by his/her department to execute transactions on behalf of the City and whose name appears on the Credit Card and is accountable for all charges made with the card.

Supporting Documentation: A merchant produced original document that records the relevant details for each item purchased including: quantities, amounts, a name and address (sales receipt, invoice, credit receipt etc.).

Credit Cards (cont.)

Cardholder Responsibilities

- Each cardholder must activate the City's Credit Card before use by following the instructions that come with the card.
- Each cardholder is responsible for obtaining receipts for all purchases.
- Credit card statements are mailed directly to the Finance Department and then distributed to each Department.
- Cardholders must compare each transaction to their receipts to ensure accuracy. Any discrepancies or erroneous charges must be reported to the Finance Director immediately.
- Proper documentation for all transactions are MANDATORY. Failure to comply with this will result in cancellation of the Credit Card, and depending upon the nature of the non-compliance, may result in disciplinary action.
- All statements with their supporting documentation must be received by the Finance Department by the date designated on the correspondence sent to each Department accompanied with their statements.
- Activities related to City's Credit Cards do not affect the cardholder's personal credit rating in any way.

The City's Credit Cards commit City funds each time that they are used. **Do not take this responsibility lightly.**

Credit Cards (cont.)

Department Responsibilities

- Routinely monitor Credit Card activity of cardholders.
- Ensure compliance with Credit Card policies and procedures.
- Immediately report any abuse or misuse of Credit Cards to the Finance Director.
- Review and reconcile all cardholder transactions by given deadlines.
- Collect all documentation and follow the City's guidelines for retention.
- Track disputed items to ensure proper credit is received. Any discrepancies in billing must be marked as disputed charges.
- Immediately notify Finance Director of employee transfers and terminations.

Responsibilities of Department Heads

- Department Heads, or their designated employees, must review the individual receipts against charges on their credit card statement.
- Department Heads are required to sign the cardholder statement or transaction report as verification that the goods or services were actually received and whether those expenses related to the department's business purpose. It is very important that Department Heads and their authorized designee(s) code the credit card activities to the correct expenditure accounts and monitor their activities against their budgets (Note: For a Department Head's Credit Card, the City Administrator must sign to verify the Department Head's transactions.)

Responsibilities of Finance Director

- Finance Director obtains credit card statements and receipts for all purchases.
- Finance Director compares each transaction on the credit card statements to their receipts to ensure accuracy and represent a bona fide expense (for Finance Director's credit card, the City Administrator reviews each transaction).
- Finance Director gives approval for payment before final approval by City Council.

Credit Cards (cont.)

Transactions Requiring Special Documentation or Approval

- Dues – Use of City funds for organizational memberships and dues may be permitted for memberships in organizations that provide educational or professional service value to the City. City funds may not be used to pay individual personal membership dues.
 - When in question, ask your immediate supervisor whether the dues are personal in nature or not.
- Food for Human Consumption – If food is purchased for a City sponsored event/meeting and less than 10 people are attending, the names of those people must be listed with supporting documentation along with the purpose of the event/meeting. If 10 or more are in attendance only the group name and purpose are necessary.
- Fuel – Whenever possible fuel should be obtained from the City's fueling facility.
- Special Purchases – Purchases which appear, on their face, to be of a personal nature, must be approved, in writing and in advance by the Department Head in a manner which establishes the public purpose.

Credit Cards (cont.)

Cardholder Penalties

- When minor policy violations by a particular cardholder are identified during the Department Head's review of the monthly transactions, the following process shall be followed:
 1. If a single abuse occurs by a particular cardholder, issue a warning and inform Purchasing in writing.
 2. In the second instance of abuse, notify Purchasing. The card will be suspended for at least one month.
 3. If problems continue after the card is reinstated, the card shall be canceled up to one year.
 4. The Department Head can skip all the steps if the policy violation is severe enough and request that the Credit Card be suspended permanently and undertake disciplinary action up to and including termination if there was embezzlement or misuse of public funds.
 5. Purchasing can impose the same penalties stated above if problems are found during department reviews. If warnings are issued by Purchasing, the cardholder and Department Head will be notified. The cardholder and Department Head will also be notified if the card is either temporarily or permanently suspended.

Credit Cards (cont.)

Department Penalties

- Purchasing may impose penalties for any of the following occurrences:
 1. If credit card statements are submitted without a thorough review of their charges.
 2. Repeated cardholder abuse not arising to the level of embezzlement or misuse of public funds.
 3. Improper documentation.
- When penalties are imposed, the following process will occur:
 1. At the first instance, a warning will be issued to the Department Head and the problem turned over to the City Administrator if it is severe enough.
 2. If corrective action is not taken after a second review, the Department Head will be contacted and the cards for the entire department may be suspended for at least one (1) month.
 3. After a third review, cards may be canceled up to one (1) year.

Credit Cards (cont.)

Prohibited Purchases

- The Credit Card may not be used for the following and create the rebuttal presumption that there was embezzlement or misuse of public funds:
 - Cash advances.
 - Personal services.
 - Contracted services such as independent contractors, performers, consultants, speakers, attorney fees, printing services.
 - Construction, renovation or installation services.
 - Fuel for personal vehicles (may be used for rental car gas while on official business or while traveling on City business).
 - Personal convenience items. This includes, but is not limited to commuting expenses, parking tickets, personal fines, gifts, entertainment, personal membership fees, personal clothing and footwear, decorative items, personal qualification expenses.
 - Medical services.
 - Services of sole proprietorships or individuals (IRS Form 1099 suppliers).
 - Any purchases or transactions requiring a separate agreement to be signed.
 - Gift cards.

The Big Don'ts

- **Do not** charge services on Credit Cards. Credit Cards are only to be used to purchase materials and supplies.
- **Do not** circumvent established single purchase limits by splitting charges.
- **Never** use City funds for personal or private benefit.
- **Remember** Credit Cards are only to be used for official City business. Care should be taken to ensure that personal charges are not mistakenly applied to the City's Credit Card. Personal charges mistakenly applied to their credit card must be reimbursed immediately. A second incident of a mistaken charge will result in cancellation of the card and creates the rebuttal presumption that there was embezzlement or misuse of public funds which may result in disciplinary proceedings up to and including termination.

Credit Cards (cont.)

Credit Card Security

- The cardholder is responsible for the security of the card and the transactions made with it.
- Keep your Credit Card in an accessible, but secure location.
- The card should be handled as if it were cash.
- Guard the Credit Card account number carefully --do not post it at your desk or write it in your day planner or distribute to anyone else.
- The card should be kept in the cardholder's possession or locked up at all times.
- Cardholders should never attempt to change the mailing address of their Credit Card.

Cardholder Terminations and Transfers

- Upon termination of employment or transfer to another position within the City, each department has the specific obligation to reclaim the Credit Card and report it to Purchasing prior to the employee's termination date or transfer.
- Each department must notify Purchasing, via e-mail, with the employee's name and termination/transfer date. Each department must make appropriate provisions to collect all pertinent documentation relative to any outstanding Credit Card transactions.
- Purchasing will monitor employee transfers and terminations with Payroll.

Credit Cards (cont.)

Lost or Stolen Cards

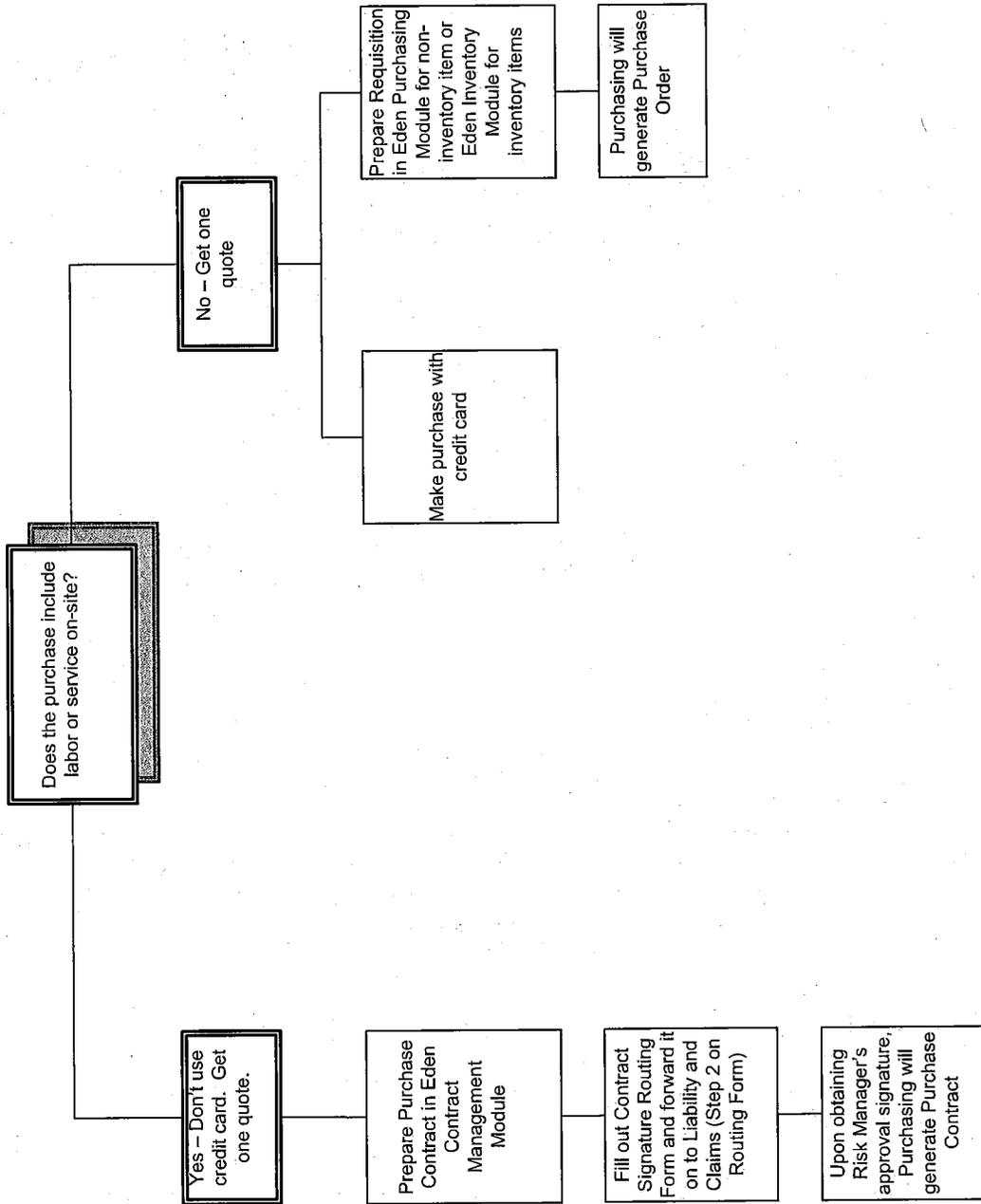
- If the Credit Card is lost or stolen please notify the Finance Director immediately.
- Failure to report your Credit Card as lost or stolen in a timely manner can result in your department being responsible for payment of transactions that take place during that time. Departments may require that the cardholder reimburse them for such activity.

Salvage Property

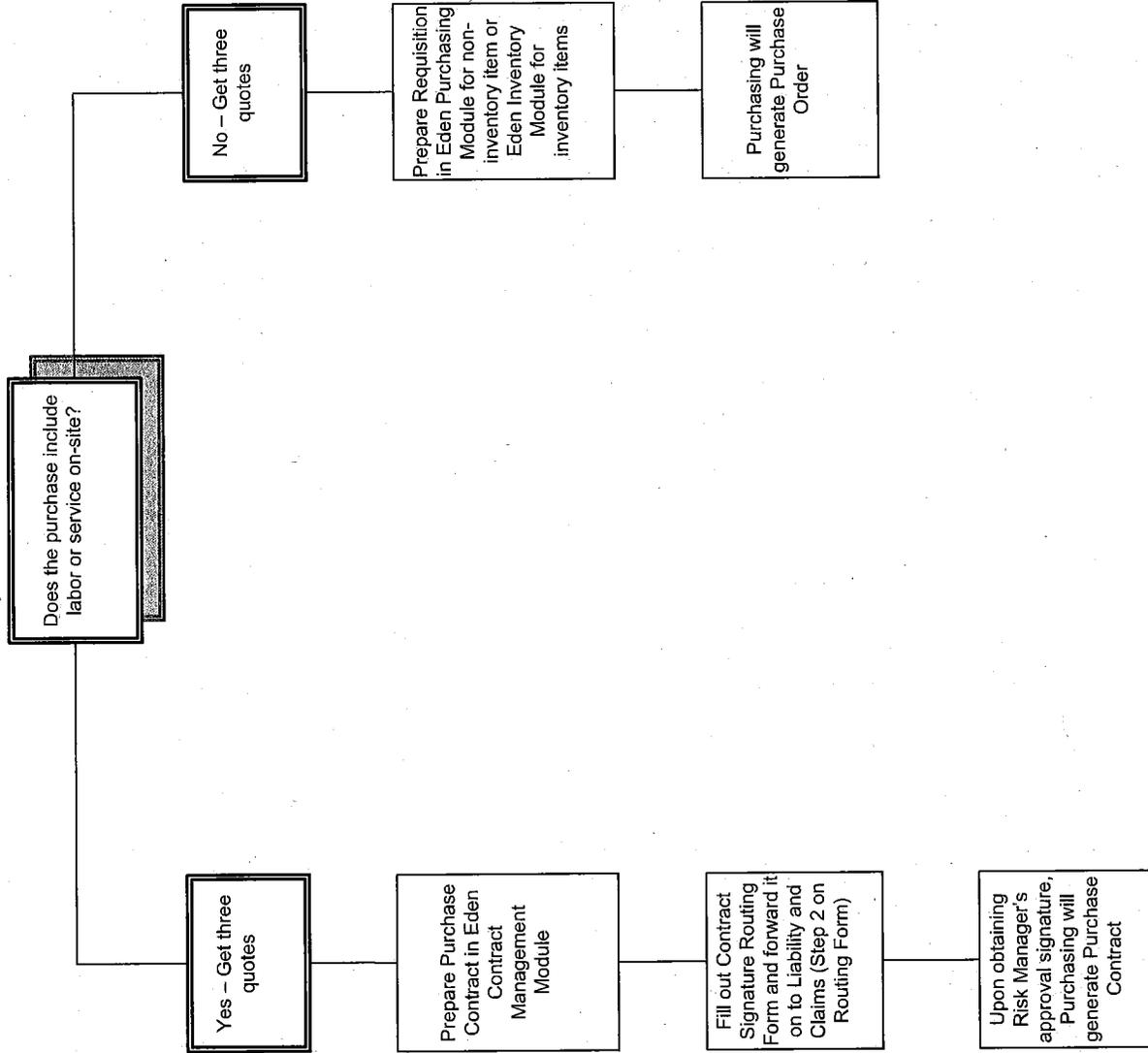
Purchasing is responsible for salvaging the City's surplus property. Salvage Property is personal property of the City, which has functional usefulness, but is no longer needed or fit for the purpose intended.

- Salvage Property is either sold at auction, sold directly by the City, or donated by the City.
- The applicable Department Head or their designee(s) will notify Purchasing in writing of the existence of salvage property and request disposal instructions. This notification shall list each item, acquisition date or estimated age, acquisition price (if known), condition, and any known defect not readily apparent through visual inspection.
- Purchasing shall review the request and determine if any other City department has a use for the salvage property. If so, Purchasing shall transfer the salvage property to the department they believe can best use it.
- If Purchasing determines that the salvage property is not functionally or economically suitable for further City use, it shall dispose of it by using a public auction, sealed bids or through negotiated sale for items valued at less than \$10,000, or through a scrap metal or a recycling vendor when the cost to dispose of and the value received in return does not outweigh the former disposal methods.
 - Salvage Property **MAY NOT** be sold to or given to a City employee except through public auction or sealed bids open to the general public. Donations to nonprofit or other organizations require City Council approval.
 - City employees **SHALL NOT** be permitted to bid or knowingly come into ownership of any salvage property if the employee participated in the disposal process.

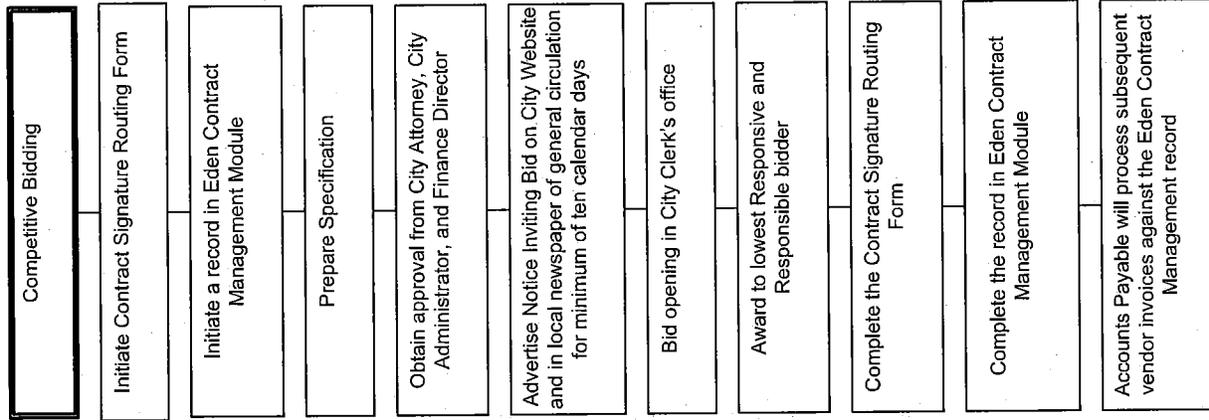
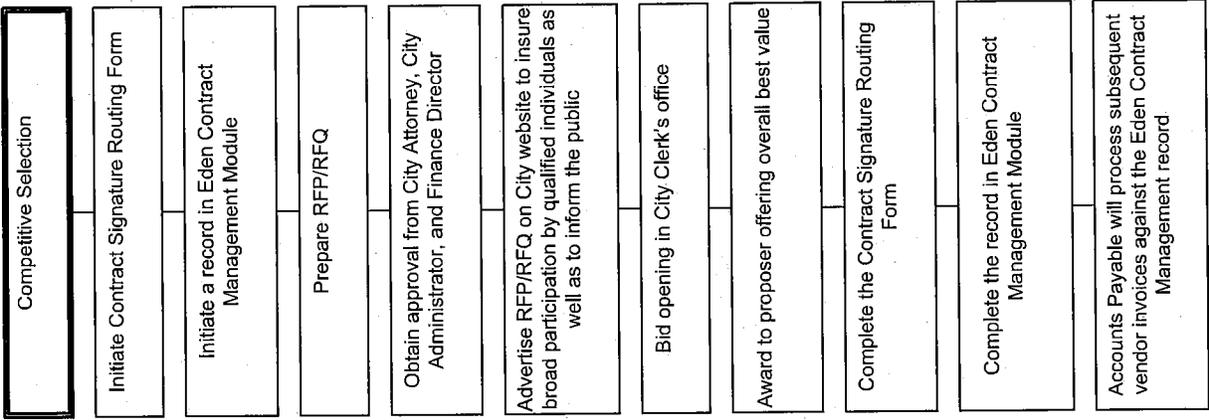
For purchases less than \$3,000 only one quote is required.
Purchases may be made using City Credit Card.

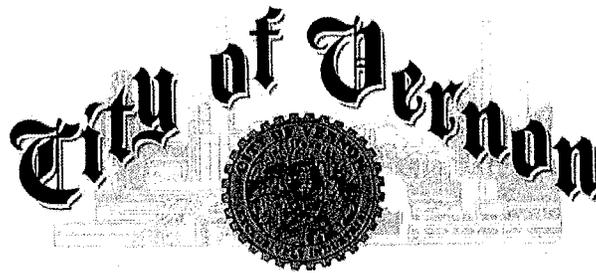


For purchases of \$3,000 and up to \$25,000, three quotes are required.



Purchases of \$25,000 and below \$75,000 require competitive bidding or competitive selection and are subject to the Vernon Living Wage Ordinance





INDEMNITY AND INSURANCE REQUIREMENT SUMMARY

TYPES OF CONTRACTS	INDEMNITY AND DEFENSE	RELEASE	INSURANCE
<u>TYPE 1</u> <i>City Risk Transfers to Contractor (standard provision)</i>	Contractor indemnifies <i>and</i> defends city from all liability from contract, the use of the city's premises, and the actions of the contractor and its agents.	Releases city from all liability arising from all liability from contract, the use of the city's premises, and the actions of the contractor and its agents.	<u>Auto</u> : Personal car: 100k/300k/50k (or \$500k on commercial auto form) <u>General Liability*</u> : \$1M <u>Workers Comp</u> : \$1M <u>Professional E&O</u> : \$1M
<u>TYPE 2</u> <i>No Transfer of Risk (rarely approved)</i>	Each party accepts its own risk and no indemnity unless allocated by court order, arbitration, etc. City will not defend Contractor.	n/a	<u>Auto</u> : Legal minimum <u>Workers Comp</u> : \$ 1M
<u>TYPE 3</u> <i>Contractor Risk Transfers to City (rarely approved)</i>	City indemnifies <i>and</i> defends Contractor from claims for damages/lawsuits to the same extent as to City employees.	n/a	<u>Auto</u> : Legal minimum
<u>TYPE 4</u> <i>Contractors Who Control City Property (rarely approved)</i>	Contractor indemnifies <i>and</i> defends City and City's joint venturers from claims by contractor, contractor's agents, and for contractor's actions.	Contractor releases City and City's joint venturers from claims by contractor, contractor's agents and for actions of contractor.	<u>Auto</u> : Personal car: 100k/300k/50k (or \$500k on commercial auto form) <u>General Liability**</u> : \$1M <u>Professional E&O</u> : \$1M <u>Workers Comp</u> : \$ 1M
<u>TYPE 5</u> <i>Design Professional Type Services (required by law where applicable)</i>	Contractor indemnifies <i>and</i> defends City from damages solely relating to contractor's negligence or fault, and not for negligence or wrongful acts of City.	Contractor releases city from damages relating to contractor's negligence, except if solely city's fault.	<u>Auto</u> : Personal car: 100k/300k/50k (or \$500k on commercial auto form) <u>General Liability**</u> : \$1M <u>Workers Comp</u> : \$1M

*The following must be endorsed on the policy as additional insureds: "City of Vernon, its directors, commissioners, officers, employees, agents and volunteers."

**In addition to the standard endorsement, above, if other parties have an "ownership, operation or management interest", additional endorsements may be required.

Exclusively Industrial

**City of Vernon
Purchase Contract**

City of Vernon

Finance Department
 Purchasing Division
 4305 Santa Fe Avenue
 Vernon, CA 90058
 Phone #: (323) 583-8811
 Fax #: (323) 826-1491
 Internet Address: www.cityofvernon.org/

Contract	Date	Amendment	Page
Buyer:			

Ship To:

Vendor Name

Bill To:

Start Date	Completion Date	Amendment Amount	Contract Total
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SAMPLE

Important Notice to Vendors:

Contractor represents that it has a City approved Equal Employment Opportunity and Non-segregation Affidavit. The attached Terms and Conditions of Purchase Order/Contract shall be part of this Purchase Order/Contract.

Vendors performing services must indicate acceptance of City Terms and Conditions and return a copy of this acknowledgement to the City prior to performance. Failure to do so will void this Purchase Order/Contract.

Services Vendor Signature	Print or Type Name	Date
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All shipments, shipping papers, invoices and correspondence must be identified with our Purchase Order/Contract Number. Failure to do so may delay payment processing.

Attachments/Appendices are a part of this Purchase Order/Contract	Authorized City Signature
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CITY OF VERNON
TERMS AND CONDITIONS OF PURCHASE ORDER/CONTRACT

This is a government contract. The terms are not changed by any words added by Contractor, nor superseded because of any form used by Contractor in the course of business. Any change in terms must be agreed to by an authorized representative of the City, in writing. Acceptance by the City of goods, materials or services is not an acceptance of Contractor's other terms.

1. Contractor agrees to furnish the materials or services described in the Purchase Order/Contract to which this is attached and subject to all terms and conditions of the Purchase Order/Contract, this Attachment to the Purchase Order/Contract and all other attachments hereto.
2. Contractor agrees to submit all invoices in duplicate to the address indicated on the Purchase Order/Contract.
3. Contractor agrees to invoice at net prices without federal excise tax or federal fuel tax.
4. Contractor agrees to show on all invoices the name of the department to which goods or services were furnished, and whether the invoice covers complete or partial delivery or performance, the Purchase Order/Contract number and any applicable cash discount.
5. Contractor agrees to prepay transportation charges and show them separately on all invoices.
6. Contractor agrees to show applicable sales or use tax as separate items on all invoices.
7. Title to all materials furnished under the Purchase Order/Contract shall pass to the City upon delivery and loading of merchandise at the F.O.B. point designated in the Purchase Order/Contract.
8. Any item ordered on the face hereof that is listed in the Safety Orders of the California Division of Industrial Safety shall fully comply with the latest revised requirements of said Safety Orders.
9. All goods, materials and equipment ordered shall, except as otherwise noted in this contract, be delivered in a new and unused condition.
10. All automotive equipment delivered to the City shall meet all requirements of the latest revision of the California Vehicle Code and of the Federal Department of Transportation.
11. The Contractor shall transfer to the City the manufacturer's warranty or guarantee for each item furnished under this contract. Where applicable, the City shall be named as owner-beneficiary in any such warranty or guarantee. The Contractor shall ensure that each warranty or guarantee is in full force and effect from the date the City commences operation and use of the item. All such manufacturers' warranties or guarantees shall be in addition to the Contractor's warranty under this contract. In addition the Contractor shall warrant that all items provided under this contract are free from defects in materials and workmanship.

The City will notify Contractor of any patent defect. Such notice will be given in writing, if possible, or by the means most practical under the circumstances. If the Contractor fails to correct the defect or other non-conformity within 10 days after receiving such notice, or more timely in case of emergency demanding immediate action, then the City may make the necessary replacements or repairs and charge the Contractor the total cost of all labor, materials, equipment and administration. The City may withhold from Contractor an amount for these costs; if the amount withheld is not sufficient, the City may recover any balance from the Contractor.

12. Prior to the issuance of the Purchase Order/Contract, Contractor may be required to provide to City evidence of insurance. Failure to maintain the required amounts and types of coverage throughout the duration of services supplied shall constitute a material breach of this contract and shall entitle the City to terminate this contract.
13. **Contractor agrees to indemnify, hold harmless, and defend (even if the allegations are false, fraudulent or groundless), to the maximum extent permitted by law, the City, its City Council and each member thereof, and its officers, employees, commission members and representatives, from any and all liability, loss, suits, claims, damages, costs, judgments and expenses (including attorney's fees and costs of litigation) which in whole or in part are claimed to result from or to arise out of the usage or operation, including the malfunctioning of, or, any injury caused by, any product purchased herein; or any acts, errors or omissions (including, without limitation, professional negligence) of Contractor, its employees, representatives, subcontractors, or agents in connection with the performance of this contract. This agreement to indemnify includes, but is not limited to, personal injury (including death at any time) and damage to property (including, but without limitation, contract or tort or patent, copyright, trade secret or trademark infringement) sustained by any person or persons (including, but not limited to, companies, or corporations, Contractor and its employees or agents, and members of the general public).**
14. Contractor shall not perform work on City owned property, and shall not commence work or cause materials to be delivered to the job site, until so authorized in writing by the Head of the Department (or designee) for whom the work was ordered.
15. Contractor certifies and represents that, during the performance of this contract, the Contractor and each subcontractor shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not discriminated against because of their race, religion, color, national origin, ancestry, disability, sex, age, medical condition or marital status. Contractor further agrees that it will not maintain any segregated facilities.
16. Contractor shall obtain a City Business License under the terms and conditions of Vernon City Code, Sections 5.20, and following, where required.

17. Contractor hereby represents, warrants and certifies that no officer or employee of the Contractor is a director, officer or employee of the City of Vernon, or a member of any boards, commission or committees, except to the extent permitted by **Exhibit 2**
18. The City, or its authorized auditors or representatives, shall have access to and the right to audit and reproduce any of the Contractor's records to the extent the City deems necessary to insure it is receiving all money to which it is entitled under the contract and/or is paying the amounts to which Contractor is properly entitled to under the contract or for other purposes relating to the contract. The Contractor shall maintain and preserve all such records for a period of at least 3 years after the termination of the contract. The Vendor shall maintain all such records in the City of Vernon. If not, the Contractor shall, upon request, promptly deliver the records to the City of Vernon or reimburse the City for all reasonable and extra costs incurred in conducting the audit at a location other than the City of Vernon, including, but not limited to, such additional (out of the City) expenses for personnel, salaries, private auditors, travel, lodging, meals and overhead.
19. It is understood that in the performance of any services herein provided, for Contractor shall be, and is, and independent contractor, and is not an agent or employee of City and shall furnish such services in its own manner and method, except as required by this contract. Further, Contractor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by Contractor in the performance of the services hereunder. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. Contractor acknowledges that Contractor and any subcontractors, agents or employees are not entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability of Workers' Compensation insurance benefits.
20. In case of conflict between the terms of this contract and the terms of any other document which is a part of this transaction, the terms of this Purchase Order/Contract shall strictly prevail.
21. Contractor shall not assign or transfer this contract or any rights hereunder with out the prior written consent of the City which may be withheld in the City's sole discretion. Any unauthorized assignment of transfer shall be null and void and shall constitute a material breach of Contractor of its obligations under this contract.
22. Time is strictly of the essence of this contract and each and every covenant, term and provision hereof.
23. The City's waiver of any term, condition, breach or default of this contract shall not be considered to be a waiver of any other term, condition, default of breach, not of a subsequent breach of the one waived.
24. The provisions of Vernon's Living Wage Ordinance, Vernon City Code, Sections 2.131, and following, requires that contractors providing labor or services to the City pay employees in accordance with the Ordinance.
25. The City reserves the right to cancel any portion of this Purchase Order at any time prior to the delivery of Goods and Services.
26. This Purchase Order/Contract shall be governed and construed according to the laws of the State of California.
27. This Purchase Order/Contract, including any Exhibits attached hereto, constitutes the entire agreement and understanding between the parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings, correspondence, documentation and agreements (written or oral).
28. Additional terms (All additional terms and conditions must be approved as to form by the City Attorney in writing).

CITY OF VERNON
TERMS AND CONDITIONS OF PURCHASE ORDER/CONTRACT

This is a government contract. The terms are not changed by any words added by Contractor, nor superseded because of any form used by Contractor in the course of business. Any change in terms must be agreed to by an authorized representative of the City, in writing. Acceptance by the City of goods, materials or services is not an acceptance of Contractor's other terms.

1. Contractor agrees to furnish the materials or services described in the Purchase Order/Contract to which this is attached and subject to all terms and conditions of the Purchase Order/Contract, this Attachment to the Purchase Order/Contract and all other attachments hereto.
2. Contractor agrees to submit all invoices in duplicate to the address indicated on the Purchase Order/Contract.
3. Contractor agrees to invoice at net prices without federal excise tax or federal fuel tax.
4. Contractor agrees to show on all invoices the name of the department to which goods or services were furnished, and whether the invoice covers complete or partial delivery or performance, the Purchase Order/Contract number and any applicable cash discount.
5. Contractor agrees to prepay transportation charges and show them separately on all invoices.
6. Contractor agrees to show applicable sales or use tax as separate items on all invoices.
7. Title to all materials furnished under the Purchase Order/Contract shall pass to the City upon delivery and loading of merchandise at the F.O.B. point designated in the Purchase Order/Contract.
8. Any item ordered on the face hereof that is listed in the Safety Orders of the California Division of Industrial Safety shall fully comply with the latest revised requirements of said Safety Orders.
9. All goods, materials and equipment ordered shall, except as otherwise noted in this contract, be delivered in a new and unused condition.
10. All automotive equipment delivered to the City shall meet all requirements of the latest revision of the California Vehicle Code and of the Federal Department of Transportation.
11. The Contractor shall transfer to the City the manufacturer's warranty or guarantee for each item furnished under this contract. Where applicable, the City shall be named as owner-beneficiary in any such warranty or guarantee. The Contractor shall ensure that each warranty or guarantee is in full force and effect from the date the City commences operation and use of the item. All such manufacturers' warranties or guarantees shall be in addition to the Contractor's warranty under this contract. In addition the Contractor shall warrant that all items provided under this contract are free from defects in materials and workmanship.

The City will notify Contractor of any patent defect. Such notice will be given in writing, if possible, or by the means most practical under the circumstances. If the Contractor fails to correct the defect or other non-conformity within 10 days after receiving such notice, or more timely in case of emergency demanding immediate action, then the City may make the necessary replacements or repairs and charge the Contractor the total cost of all labor, materials, equipment and administration. The City may withhold from Contractor an amount for these costs; if the amount withheld is not sufficient, the City may recover any balance from the Contractor.

12. Prior to the issuance of the Purchase Order/Contract, Contractor may be required to provide to City evidence of insurance. Failure to maintain the required amounts and types of coverage throughout the duration of services supplied shall constitute a material breach of this contract and shall entitle the City to terminate this contract.
13. **Contractor agrees to indemnify, hold harmless, and defend (even if the allegations are false, fraudulent or groundless), to the maximum extent permitted by law, the City, its City Council and each member thereof, and its officers, employees, commission members and representatives, from any and all liability, loss, suits, claims, damages, costs, judgments and expenses (including attorney's fees and costs of litigation) which in whole or in part are claimed to result from or to arise out of the usage or operation, including the malfunctioning of, or, any injury caused by, any product purchased herein; or any acts, errors or omissions (including, without limitation, professional negligence) of Contractor, its employees, representatives, subcontractors, or agents in connection with the performance of this contract. This agreement to indemnify includes, but is not limited to, personal injury (including death at any time) and damage to property (including, but without limitation, contract or tort or patent, copyright, trade secret or trademark infringement) sustained by any person or persons (including, but not limited to, companies, or corporations, Contractor and its employees or agents, and members of the general public).**
14. Contractor shall not perform work on City owned property, and shall not commence work or cause materials to be delivered to the job site, until so authorized in writing by the Head of the Department (or designee) for whom the work was ordered.
15. Contractor certifies and represents that, during the performance of this contract, the Contractor and each subcontractor shall adhere to equal opportunity employment practices to assure that applicants and employees are treated equally and are not discriminated against because of their race, religion, color, national origin, ancestry, disability, sex, age, medical condition or marital status. Contractor further agrees that it will not maintain any segregated facilities.
16. Contractor shall obtain a City Business License under the terms and conditions of Vernon City Code, Sections 5.20, and following, where required.

17. Contractor hereby represents, warrants and certifies that no officer or employee of the Contractor is a director, officer or employee of the City of Vernon, or a member of any boards, commission or committees, except to the extent permitted by **Exhibit 2**.
18. The City, or its authorized auditors or representatives, shall have access to and the right to audit and reproduce any of the Contractor's records to the extent the City deems necessary to insure it is receiving all money to which it is entitled under the contract and/or is paying the amounts to which Contractor is properly entitled to under the contract or for other purposes relating to the contract. The Contractor shall maintain and preserve all such records for a period of at least 3 years after the termination of the contract. The Vendor shall maintain all such records in the City of Vernon. If not, the Contractor shall, upon request, promptly deliver the records to the City of Vernon or reimburse the City for all reasonable and extra costs incurred in conducting the audit at a location other than the City of Vernon, including, but not limited to, such additional (out of the City) expenses for personnel, salaries, private auditors, travel, lodging, meals and overhead.
19. It is understood that in the performance of any services herein provided, for Contractor shall be, and is, and independent contractor, and is not an agent or employee of City and shall furnish such services in its own manner and method, except as required by this contract. Further, Contractor has and shall retain the right to exercise full control over the employment, direction, compensation and discharge of all persons employed by Contractor in the performance of the services hereunder. Contractor shall be solely responsible for, and shall indemnify, defend and save City harmless from all matters relating to the payment of its employees, including compliance with social security, withholding and all other wages, salaries, benefits, taxes, exactions, and regulations of any nature whatsoever. Contractor acknowledges that Contractor and any subcontractors, agents or employees are not entitled to any of the benefits or rights afforded employees of City, including, but not limited to, sick leave, vacation leave, holiday pay, Public Employees Retirement System benefits, or health, life, dental, long-term disability of Workers' Compensation insurance benefits.
20. In case of conflict between the terms of this contract and the terms of any other document which is a part of this transaction, the terms of this Purchase Order/Contract shall strictly prevail.
21. Contractor shall not assign or transfer this contract or any rights hereunder with out the prior written consent of the City which may be withheld in the City's sole discretion. Any unauthorized assignment of transfer shall be null and void and shall constitute a material breach of Contractor of its obligations under this contract.
22. Time is strictly of the essence of this contract and each and every covenant, term and provision hereof.
23. The City's waiver of any term, condition, breach or default of this contract shall not be considered to be a waiver of any other term, condition, default of breach, not of a subsequent breach of the one waived.
24. The provisions of Vernon's Living Wage Ordinance, Vernon City Code, Sections 2.131, and following, requires that contractors providing labor or services to the City pay employees in accordance with the Ordinance.
25. The City reserves the right to cancel any portion of this Purchase Order at any time prior to the delivery of Goods and Services.
26. This Purchase Order/Contract shall be governed and construed according to the laws of the State of California.
27. This Purchase Order/Contract, including any Exhibits attached hereto, constitutes the entire agreement and understanding between the parties regarding its subject matter and supersedes all prior or contemporaneous negotiations, representations, understandings, correspondence, documentation and agreements (written or oral).
28. Additional terms (All additional terms and conditions must be approved as to form by the City Attorney in writing).

CITY OF VERNON
SIGNATURE REQUIREMENTS FOR CITY AGREEMENTS

TYPE OF ENTITY	FIRST SIGNATURE	SECOND SIGNATURE	REFERENCE
Corporation	chairman of the board, president, any vice president	corporate secretary, assistant secretary, chief financial officer, any assistant treasurer (Note: A person can hold more than one corporate office; e.g., a vice president can also be a secretary. That person can sign the agreement twice, if both capacities are identified.)	Corp. Code sec. 313 Corp. Code sec. 5214
Limited Liability Company ("LLC")	if managed by members — by any member if managed by manager — by a manager (Note: A member or manager may have a title such as president or vice-president)	if managed by members — not required unless otherwise provided in governing documents if managed by <i>manager(s)</i> — by a second manager (unless articles of organization state there is only one manager)	Corp. Code sec. 17157
Partnership	any partner, unless authority restricted in "statement of partnership authority" recorded in County Recorder's Office (for real property transactions) or filed with secretary of state (for contracts, etc.)	not required, unless "statement of partnership authority" provides otherwise	Corp. Code sec. 16301 Corp. Code sec. 16303
Limited Partnership	a general partner, subject to same exceptions for partnership	same as partnership	Corp. Code sec. 15509
Limited Liability Partnership ("LLP")	same as partnership	same as partnership	Corp. Code sec. 16955.5
Sole Proprietorship	sole proprietor	not required	n/a

Parties executing an Agreement or Contract that are not identified above must also send a copy of the corporate minutes giving such person(s) the authority to sign on behalf of the corporation. In addition, the City will accept signatory authority created by valid corporate resolution or adopted corporate procedures manual

**City of Vernon
Open Purchase Order List
As of February 26, 2013**

Row	Vendor	Product / Service	Disc. / Terms	Department
1	25th Street Recycling Inc.	crush base materials	net/30	Com Svc
2	A & I Reprographics	blueprint & copy service	net/30	Com Svc
3	A & S Metal Recycling Inc.			
4	A-Best Industrial	materials for service connection	2%/20	L&P
5	Adlerhorst International	k-9 training sessions	net/30	PD
6	Advanced Electronics Inc.	radio equipment maintenance	net/30	Fire,PD,Com Svc
7	Aegis ITS Inc.	traffic signal maintenance	net/30	Com Svc
8	Air Exchanges Inc.	maintenance for Plymovent	15% disc/ net/10	Fire
9	Arc	reproduction services		L&P
10	Asbury Environmental Services	disposal services of waste oil	net/30	L&P
11	A-Thorne	portable restroom rental	net/30	Com Svc
12	Bandini Truck Terminal	truck weighing services	net/30	PD
13	Battery Systems	vehicle batteries/alternators	net/30	Com Svc
14	Bell Pipe & Supply Co.	pipe valves & fitting	net/30	Gas
15	Bloomberg	market information services	pay upon receipt	L&P
16	Blue Diamond Materials	concrete paving materials	net/30	Com Svc
17	Broadband LLC	internet services	net/30	L&P
18	Burro Canyon Shooting Park	shooting range	net/30	PD
19	California Frame & Axle	vehicle repair and alignment	net/30	Com Svc
20	Calox Inc.	oxygen refill service	net/30	Fire
21	Camino Real Chevrolet	vehicle parts	net/30	Com Svc
22	Catalina Pacific Concrete	concrete delivery	net/30	Com Svc
23	Chem Pro Lab Inc.	water treatment services	net/30	Com Svc
24	City of Downey	animal control services	net/30	Health
25	City of Huntington Park	arrestee housing	net/30	PD
26	Cleanstreet	citywide street cleaning	net/30	Com Svc
27	Clinical Lab of San Bernardino	water sample analysis	net/30	Health/Com Svc
28	Communications Supply Corp.	fiber optic supplies	net/30	L&P
29	Consolidated Disposal	disposal and recycling services	net/30	Com Svc,L&P,Gas
30	Craig Welding Supply	refill cylinders/welding supplies	net/30	Com Svc,L&P,Gas
31	Crosspoint Network Solutions	phone system maintenance	net/30	IT
32	Current Whole Sale Electric	electrical supplies	2% disc.	Com Svc, L&P
33	D & D Refrigeration Inc.	a/c maintenance & repair	net/30	L&P
34	Dales Transport	truck washing	net/30	Com Svc
35	Dangelo Co.	water dept. supplies	net/30	Com Svc
36	Datalok Company	backup tape storage	net/30	IT
37	Dewey Pest Control	pesticide service	net/30	Com Svc,Fire,L&P
38	Doty Bros.	emergency public works repairs	net/30	Com Svc
39	Economy Rentals Inc.	heavy equipment & tool rental	net/30	Com Svc
40	Ekco Metals			
41	Express Oil Co.	hazardous waste disposal	net/30	Com Svc
42	Facilities Protection Systems	maintenance fire suppression	net/30	Com Svc
43	Fire Apparatus Solutions	apparatus maintenance/repairs	net/30	Fire
44	Firefighters Safety Center	work boots	net/30	Fire
45	Fleming Environmental Inc.	fuel storage tank maintenance	net/30	Com Svc
46	Fry's Electronics Inc.	computer related items	net/30	L&P

**City of Vernon
Open Purchase Order List
As of February 26, 2013**

Row	Vendor	Product / Service	Disc. / Terms	Department
47	Garvey Equipment Co.	lawn equipment parts/services	net/30	Com Svc
48	GE Mobile Water	water purification services	net/30	Fire
49	General Pump Company Inc.	emergency repairs well pumps	net/30	Com Svc
50	Grainger Co.	building hardware supplies	net/30	Com Svc
51	Graybar	electrical supplies	net/30	L&P
52	Hanson Aggregates	gravel materials	net/30	Com Svc
53	HD Supply	water parts & supplies	net/30	Com Svc
54	Holliday Rock Inc.	concrete delivery	net/30	Com Svc
55	Home Depot Credit Services	hardware & plumbing supplies	net/30	Com Svc,Fire,L&P
56	House of Business Machines	copier/plotter maintenance	net/30	IT
57	Huntington Car Wash	car washing service	net/30	All Dept.
58	Inter - Valley Pool Supply	delivery of liquid chlorine	net/30	Com Svc
59	Inter West Consulting Group	on-call building plan review	net/30	Com Svc
60	IRV Seaver BMW Motorcycles	motorcycle maintenance	due upon receipt	PD
61	Jetro	hydration supplies	net 10	Fire
62	JSB Fire Protections LLC	plan check reviews	net/30	Fire
63	K.J. Services	consulting service/Calrecycle	net/30	Health
64	Kone Cranes Inc.	crane & hoist maintenance	net/15	L&P
65	L.B. Johnson Hardware	hardware & plumbing supplies	2% disc.	Com Svc,Fire,L&P
66	L.N. Curtis & Sons	turnout gear, boots, SCBA maint.	net/30	Fire
67	Level 3 Communications	fiber optic internet service	due upon receipt	L&P
68	Liberty MFG Inc.	firing range maintenance	net/30	PD
69	LittleJohn - Reuland Corp	emergency well motor repairs	net/30	Com Svc
70	Long Beach MVW Motorcycles Inc.	motorcycle maintenance	net/30	PD
71	Lopez & Lopez Tire Service	vehicle tires and repairs	net/30	Com Svc
72	Los Angeles Elevator Services	elevator maintenance	net/30	Com Svc, L&P
73	Marx Bros Fire Extinguisher	maintenance fire suppression	net/30	L&P
74	Mc Donalds	emergency food & beverage	net/30	PD
75	McMaster - Carr Supply Co.	building hardware supplies	2% disc.	Com Svc, L&P
76	Measurement Control Systems	materials for service connection	net/30	L&P
77	Melvyn Green & Associates	structural plan review	net/30	Com Svc
78	Mercury Instruments	gas service connection supplies	net/30	L&P
79	MSW Consultants	solid waste consulting	net/30	Health
80	Napa Auto Parts	vehicle parts	2% disc.	Com Svc
81	National Plant Services	sewer cleaning & inspection	net/30	Com Svc
82	Nationwide Environmental Svc	street sweeping services	net/30	Com Svc
83	Newark	electrical supplies	net/30	L&P
84	Ocean Blue Environmental Svc	biohazardous clean up	net/30	Com Svc
85	Open Access Technology	electronic tagging services	net/30	L&P
86	Oversized Machine Industries	plotter maintenance	net/30	IT
87	P&F Distributors	pipe valves & fitting	net/30	L&P
88	Petco Animal Supplies Line	canine pet food & supplies	net/30	PD
89	Plumbing & Industrial Supply	building and plumbing supplies	net/30	Com Svc
90	Positive Lab Services	storm water analysis	net/30	L&P
91	Professional Heating & Air	a/c maintenance & repair	net/30	Com Svc
92	Pure Water	water filtration units	net/30	All Dept.

**City of Vernon
Open Purchase Order List
As of February 26, 2013**

Row	Vendor	Product / Service	Disc. / Terms	Department
93	R. W. Lyall & Co.	gas distribution materials/repair	net/30	L&P
94	Reliable Ice Equipment Inc.	ice machine maintenance	net/30	Com Svc, Fire
95	Royal Wholesale	electrical supplies	2% disc.	L&P
96	Santa Fe Building Maintenance	janitorial services	net/30	All Dept.
97	Shoeteria	steel toe boots	net/30	Com Svc, L&P
98	Smardan Supply Co.	pipe valves & fitting	net/30	L&P
99	Smart Business Solutions	copier/plotter maintenance	net/30	IT
100	Smart & Final	emergency food & beverage	net/30	PD
101	SO. Cal Land Maintenance	grounds maintenance service	net/30	Com Svc
102	Spytech - Security Network	alarm monitoring service	due upon receipt	Com Svc, L&P
103	State Street Laundry	laundry services	net/30	PD
104	Super Ford Lincoln Mercury	vehicle parts	net/30	Com Svc
105	The Lighthouse	vehicle parts & electrical	net/30	Com Svc
106	TLC Pet Medical Center	canine medical supplies	net/30	PD
107	Tom's Clothing & Uniforms Inc.	uniforms and equipment	net/30	PD
108	Trimark Associates	metering and rig support	net/30	L&P
109	United Business Mail	daily metering services	net/30	Finance
110	United Pacific Services	tree maintenance services	1% / net15	Com Svc
111	United Rentals Northwest Inc.	heavy equipment & tool rental	net/30	Com Svc
112	United Site Service	fence rental	due upon receipt	Com Svc
113	Universal Laser	printing supplies & repair	net/30	IT
114	Valverde Construction	emergency public works repairs	net/30	Com Svc
115	Vulcan Materials	concrete materials	net/30	Com Svc
116	Walters Wholesale Electric	electrical supplies	net/30 disc	Com Svc, L&P
117	Weidmann Diagnostic	oil samples for transformers	net/30	L&P
118	West Coast Arborists	tree maintenance services	net/30	Com Svc
119	White Cap Construction Supply	hardware supplies	2% disc.	Com Svc
120	Wilmington Instrument Co.	calibration svc & gas safety items	net/20	L&P
121	Zee Medical	first aid supplies	net/30	L&P
122	Zumar Industries	regulatory signs & hardware	net/30	Com Svc



**CITY OF VERNON
FINANCE & TREASURY DEPARTMENT**

**ACCOUNTS PAYABLE: INVOICE AND CHECK
PROCESSING PROCEDURES**

Invoice Processing

Step	Procedure
1.	As invoices arrive they are stamped by the Accounts Payable Clerk "received" then they are forwarded to the appropriate department for their review, coding, and payment approval.
2.	After departments have reviewed their invoices, verifying billing is correct, department heads or their designee stamps the invoice "approved" and signs-off, approving the invoice for payment. The invoice is then submitted to accounts payable for payment.
3.	As invoices are submitted to accounts payable they are sorted and batched between warrants and early checks. <i>Warrants</i> are issued twice a month on the first and third Tuesdays of each month. <i>Early checks</i> are issued twice a week on Tuesday's and Thursday.
4.	Invoices are further sorted and batched based on the bank accounts that will be drawn upon.
5.	Once all invoices have been sorted and batched they are totaled to derive a dollar amount total for the batch. This batch is then logged into the <i>Batch Log</i> worksheet where the next Check Group Number is assigned to the batch.
6.	<p>Each batch of invoices that is recorded in the <i>Batch Log</i> contains the following information before they are processed through the accounts payable module:</p> <ul style="list-style-type: none"> A. Check Group Number B. Check Group Amount C. Check Date D. Council Meeting Date E. Cut-off Period F. Posting Date (date batch was posted in the general ledger) G. Group Type (warrant or early check) H. Bank <p>This information is used when preparing the <i>Warrant Register</i> report which is presented to council for their review.</p>
7.	Invoices are now ready to be recorded in accounts payable. Each invoice is recorded separately by the Accounts Payable Clerk, the Check Group Number is also included as a separate field within the invoice processing form for tracking. Once all invoices for a given Check Group Number are entered, an <i>Invoice Status</i> report is generated to compare

	the totals of this report to the total previous calculated from the adding machine. This is to ensure invoice amounts were entered correctly.
8.	The next step is to print an <i>Invoice Edit List</i> . The <i>Invoice Status</i> report is placed on top of the <i>Invoice Edit List</i> and given to the Deputy City Treasurer for review and posting.
9.	The Deputy City Treasurer then reviews the invoices to ensure each invoice has been approved for payment at the appropriate authorization level, proper account coding, and that each invoice is substantiated with sufficient detail that is measurable against the scope of work. Authorization levels are as follow: <ul style="list-style-type: none"> A. Invoices equal-to or less-than \$25k: Finance Director can approve without council approval. B. Invoices greater-than \$25k but less-than \$75k: requires approval from City Administrator. C. Invoices greater -than \$75k: requires City Council approval.
10.	After the Deputy City Treasurer receives necessary approval the invoices are returned to the Accounts Payable Clerk for check processing.

Check/Wire/ACH Processing

Step	Procedure
1.	Once all invoices have been reviewed and posted they are now ready for check processing.
2.	The Accounts Payable Clerk initiates the check processing procedure by selecting the "Create Checks" process icon from the <i>Check Processing</i> function within the accounts payable module of the City's accounting system. This process generates checks for each vendor and is applied against all invoices processed for a given vendor.
3.	A <i>Check Edit List</i> report is then generated to confirm the total amount of the checks agree to the total invoices amounts logged in the <i>Batch Log</i> and <i>Invoice Edit List</i> .
4.	Print physical checks: before printing the physical checks, the Accounts Payable Clerk confirms that the starting check number is the next check number in sequence. Once the starting check number is confirmed, the physical checks are then printed by bank account batches.
5.	Checks must be printed using MICR toner to be processed by the City's bank.
6.	Print and attach supporting reports to invoices: The following reports are attached to a single batch of invoices paid by a single check: <ul style="list-style-type: none"> A. <i>Non-negotiable Check</i>: services as proof of payment and contains all information as the actual check. It is attached in front of the invoice. B. <i>Voucher Form</i>: contains the accounting for all invoices paid. It is attached at the end behind all supporting documents. <p>At this point the physical (negotiable) checks, the non-negotiable checks, and the voucher forms are attached to the invoices along with its supporting documents.</p>

Exhibit 3

7.	Generate and export <i>Voucher Listing</i> report and save in the appropriate network folder. Do not print report.
8.	Generate and export the <i>Positive Pay</i> report and text file to the appropriate network folder. Do not print report.
9.	Post Checks to the general ledger: once the Accounts Payable Clerk has printed and attached all checks and all related reports. The checks are then post to the general ledger by the Accounts Payable Clerk.
10.	Storage checks in vault until council is ready to review checks and the attached supporting documents.
11.	Two signatures are required. Councilmembers are authorized to sign checks, as well as the Finance Director and the Deputy City Treasurer.
12.	Once the checks are signed, the Accounts Payable Clerk then stuffs the checks in envelopes for mailing with any remittance notices or attachments. The envelopes are then placed in the outgoing mail bin for mailing.
13.	Upload <i>Positive Pay</i> text file to the bank website.