

Fiscal Policies and Procedures Manual

Adopted by Council on April 16, 2026

Fiscal Policies & Procedures Manual

Table of Contents

Purpose 1

Adoption of the Budget 2

Expenditure of Funds 2

Budget Adjustment Procedures 3

Purchasing Procedures 3

Procurement Methods 10

Invoices 16

State of California, Riverside County, or Public Agency Purchasing Program 16

Management Agreements 17

Fire Access Maintenance District No. 1 17

City Credit Card Purchases 19

Capital Assets Policy and Procedures 23

Reimbursement Policy and Procedures 24

Federal Funded Procurements 29

Cash Receipts 43

Billing for Services 44

Refundable Deposits 44

Claims and Demands Upon the City 44

City of Indian Wells
Fiscal Policies and Procedures Manual

1. Purpose

The goal of the Finance Department is to receive the maximum value for the taxpayer's dollar by obtaining goods and services at the best possible price and quality. Therefore, proper purchasing is required when using Public Funds to acquire supplies, materials, equipment, construction, and professional services for the City. The goals and objectives of this Manual are:

- To ensure compliance with all current laws and regulations
- To promote transparency of the City's procurement activities
- To establish standardized cost-effective purchasing methods
- To ensure continuity of City operations
- To facilitate fair, competitive processes
- To maintain integrity and fairness
- To support the City's mission and serve the public's best interest.

The policies and procedures outlined in this Manual shall apply to the City of Indian Wells and its component units. The Fiscal Policy and Procedures Manual (the Manual) assists with compliance with requirements and administrative procedures. The Manual documents policies and procedures related to budgeting, cash receipts, expenditures, disbursements, purchasing, contracts, and financial reporting.

City funds are entrusted to the City Manager and Department Heads. The City Manager and Department Heads are responsible for the expenditure of public monies following the Indian Wells Municipal Code. The City Manager and Department Heads make decisions and exercise authority relative to the expenditure of funds within the Department's appropriation(s) and legal function. This Manual assists City employees and officials in complying with laws, policies, and procedures that apply to the fiscal administration of City departments.

This Manual standardizes accounting and financial policies and procedures. The City Council has approved this Manual to establish rules and regulations governing the performance of accounting and financial functions.

The Manual guides elected and appointed officials on the use and expenditure of City funds and resources and the standards against which those expenditures will be measured. It is the intent that this Manual will fully satisfy the requirements of Government Code sections 53232.2 and 53233.3. As used in this Manual, elected and appointed officials apply to members of the City Council, Planning Commission, standing

committees, and all other legislative bodies as defined in Government Code section 54952.

Revisions to the Manual may occur from time to time. Administrative changes clarifying procedures are performed by staff. Substantive changes to the policy are presented to the City's Finance Committee for review and discussion before seeking final approval from the City Council. The Manual can be accessed from the City's website at www.cityofindianwells.org.

2. Adoption of the Budget

The City Council formally adopts a biennial operating and capital budget (the "Budget"). When the City Council adopts the Budget, they appropriate the funds necessary to pay for expected City expenditures for each fiscal year. An appropriation is an authorization to incur obligations on behalf of the City. This authorization allows for the expense of City funds to pay those obligations. Authorized obligations are limited to the current operational year of the Budget.

3. Expenditure of Funds

The adopted Budget serves as the foundational document for the classification, allocation, and expenditure of City funds. Upon adoption, the City Manager is authorized to incur obligations and authorize expenditures within the scope of the approved Budget. These expenditures encompass the procurement of goods, services, and public projects required by the City. All spending within a specific fund or capital project must adhere to the limits set forth in the adopted Budget. No expenditures shall be approved for any account where the deficit exceeds the available balance allocated to the program.

Budgeted expenditure approvals are subject to the following authority thresholds:

- Department Head or Authorized Designee: Up to $25,000
- Finance Director: $25,001 to $100,000
- City Manager: Over $100,000

Furthermore, the City Council authorizes the City Manager to approve expenditures up to $25,000 for items not specifically accounted for within the adopted Budget. However, the City Manager is prohibited from authorizing any spending beyond the appropriated Budget. Except as provided in the emergency procedures section of this policy, any supplemental appropriations exceeding the adopted Budget must receive prior approval from the City Council.

4. Budget Adjustment Procedures

It is sometimes necessary to amend the Budget to provide additional appropriations or fund transfers.

Supplemental Appropriations

Supplemental appropriations provide additional spending authority to meet unexpected costs that impact operations or capital projects. City Council approval is required for all supplemental appropriations. Therefore, Department Heads must submit supplemental appropriations to the City Council for approval. Staff Reports shall include the appropriation amount, the funding source, and the purpose.

Budget Adjustments

Budget adjustments involve reallocating funds from one expenditure account to another within the same fund. Budget adjustments do not change the overall Budget within the fund or capital project. Departments initiate Budget adjustments in Munis and go through the workflow approval process. The Finance Director and Department Head approve Budget adjustments within a fund.

5. Purchasing Procedures

Purchasing procedures provide a process for purchasing goods, public projects, and services used to operate City programs. These procedures establish a system of financial controls. Departments review and manage budgets, expenditures, purchase orders, and other accounting data. The Department Head or their appointed designee, authorized by the City Manager, may purchase or engage any goods, public projects, and services under the provisions of this Manual.

Prudent Use of No-Bidding Authority

While purchases below the established no-bidding threshold do not require formal ot informal solicitations, Department Heads are expected to exercise sound business judgment to ensure that pricing remains fair, reasonable, and in the best interest of the City. Department Heads shall monitor pricing for recurring or continuing services and evaluate whether costs remain consistent with market conditions. When pricing appears to increase beyond normal market expectations, differ materially from prior pricing without reasonable justification, or where sufficient competition is known to exist,

Departments should obtain informal quotes or otherwise validate pricing through available market information. This evaluation should consider factors such as historical pricing, vendor performance, market availability, urgency of need, and administrative efficiency. Nothing in this section requires a formal or informal bidding process below the threshold; however, Departments are responsible for taking reasonable steps to confirm pricing and demonstrate prudent stewardship of public funds.

Definitions

For this Manual, the following words and terms shall be construed with the following definitions:

A. "Contractual services" means the furnishing of labor, time, or effort by a contractor for non-professional services as the City may, from time to time, find necessary and proper for the functioning of the City. Examples include, but are not limited to, janitorial, uniform cleaning, or other services that do not require any unique skill, particular background, or training.

B. "Goods" means any supplies, materials, articles, things, or property other than real property furnished to be used by the City.

C. "Maintenance services" means:

1. Routine, recurring, and usual work to preserve or protect a publicly owned or operated facility for its intended purposes.

2. Minor repainting.

3. Resurfacing streets and highways at less than one inch; or

4. Landscape maintenance includes mowing, watering, trimming, pruning, planting, replacing plants, and servicing irrigation and sprinkler systems.

D. "Professional services" means services provided by a person, company, corporation, or firm engaged in a profession based on a generally recognized special knowledge, skill, license, and certification to perform the work including, but not limited to, the professions of accountant, attorney, artist, architect, landscape architect, construction manager, engineer, environmental consultant, dentist, physician, training or educational consultant, or land surveyor, and whose services are considered distinct and unique.

E. "Public project" means construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.

F. "Services" means contractual, maintenance, or professional services.

Use of Contracts and Contract Requirements

City contracts are required to purchase all services and public projects provided to the City. The City uses contract templates provided by the City Attorney's office. Contract templates are updated from time to time by the City Attorney's office based on changes in law or the needs of the City.

Need for Contracts: Signing a contract indicates that all parties involved have read and agreed to the terms stipulated. The purpose of a contract is to clearly outline the terms of an agreement, including each party's obligations, the parameters for the provided service (such as performance, delivery, and cost), and payment terms. Departments shall collaborate with vendors to ensure insurance and indemnification requirements are met prior to executing contracts and engaging in work. Ensuring that these aspects of doing business are laid out and clearly defined before entering a working relationship minimizes liability and reduces the potential for confusion or unmet expectations.

Contract Processing Guidelines: All contracts must comply with the contract processing guidelines established by the City Clerk's Office. These guidelines serve as a supplement to the Fiscal Procedures Manual and may be updated periodically.

The contract processing guidelines provide detailed instructions regarding:

- Bidding requirements
- Contract standards and completion
- Review by the City Attorney and Risk Manager
- Insurance and business license requirements
- Authorization and signature requirements

All purchases or engagements for services and public projects shall be made with a fully executed contract and associated documentation, including insurance and indemnification requirements. This requirement applies to existing contracts that lapse or expire.

City contracts, including appropriate insurance and indemnification documents, are required for all purchases and public project construction projects and are subject to the approval of the City Clerk prior to the engagement of services. After selecting the

contractor, the Department will submit the contract, insurance, and other required documentation to the City Clerk per the City's contract processing guidelines.

Once the City Clerk approves the contract, the contract record is entered into Munis with all supporting attachments. The Department may now submit a requisition through Munis workflow.

Departments are responsible for managing their City contracts. Department Heads and employees may be held fully liable for all purchases or expenses involved contrary to the provisions provided and may be subject to disciplinary action. The Finance Director shall be informed of such purchases and report any problems to the Department Head or City Manager, as appropriate.

Contract Terms: Contracts may not extend beyond five (5) years from the original contract date unless otherwise specified herein. Once the contract has come to term, and the City requires continued services, the staff must follow this Manual's procedures in soliciting vendors for a new contract. Existing service providers are eligible to participate in the solicitation and compete with other qualified vendors for the new contract. The City may consider the experience and performance of such providers in determining the best-qualified vendor.

Contracts for certain professional services shall not extend beyond a period of three (3) years from the original contract date, unless otherwise specified herein. Professional services contracts that are subject to this three-year limitation include contracts for the following categories:

- Legal services
- Audit services
- Public relations services
- Legislative services
- Landscaping services
- Housing and Golf Management services

Upon expiration of the initial three (3) year term, the City, in its sole and absolute discretion, may permit up to three (3) one-year extensions. Each extension must be approved by a majority vote of the City Council in a public meeting. These extension requests may be placed on the consent calendar for the meeting. Any staff report accompanying a request for a contract extension shall, as part of its report, evaluate

vendor performance supported by objective, data-driven metrics, for City Council consideration.

At no point shall contracts for the abovementioned professional services contain automatic extensions or automatic renewal language. All contracts must conclude at the end of their defined term, unless otherwise specified herein.

In extremely limited circumstances, the use of outside contracts may be considered with the prior written approval of the City Manager. The City Attorney and the California Joint Powers Association must approve all outside contracts, which must also include the formation of and an agreement to require insurance and indemnification coverages.

Clarification on the use of Contracts specifically for Memberships, Sponsorships, Luncheons, and other Events

As defined above, the purpose of a contract is to clearly outline the terms of an agreement, including each party's obligations, the parameters for the provided service (such as performance, delivery, and cost), and payment terms. In certain instances, the City wishes to provide funding in which the obligations and parameters typically listed in a contract are not desired or necessary.

As established by this Section, the following are exempt from this use of contracts provision.

- Basic membership fees in City-supported organizations exclude contract parameters or obligations listed above. While membership is beneficial, membership usually does not include performance measures or obligations requiring a contract.

- Participation in specific sponsorships, luncheons, or other events to financially support non-profits or other governmental organizations.

    - Such participation in specific sponsorships, luncheons, or other events is to provide financial support only. In that case, sponsorships, luncheons, or other events are exempt from this use of contract provisions.
        - More common examples include purchasing a table for an awards or recognition luncheon, participating in a valley event such as the economic summit, or sponsorship level support of a non-profit event such as a fundraiser.

This exemption provision requires a conservative interpretation consistent with this policy. Sponsorships and events requiring specific parameters or establishing clear party

obligations require a City agreement with the Use of Contracts and Contract Requirements section. Department heads are held accountable for differentiating which sponsorships and events provide financial support (without a contract) and those that require specific parameters and establish clear party obligations (contract required).

Purchasing Categories

The City classifies purchases into four (4) purchasing categories. These categories are based on the dollar amount and type of purchase. Each category establishes a separate purchasing limit, authorization level, and procedure. City contracts and appropriate insurance documents are required for every Purchase Category except (A) Petty Cash Purchases and (B) Goods Purchases.

	Category	Limitation
A.	Petty Cash Purchase	$150 or less
B.	Goods Purchases	Over $1
C.	Public Project Construction Contracts	Over $1
D.	Services (Contractual/Maintenance/Professional)	Over $1

A. Petty Cash Purchases

Petty cash funds provide advances or reimbursements to City employees for the direct and immediate purchase of goods and services necessary for City operations. Purchases or advances are limited to $150.00 per transaction. A petty cash request form must be completed by the employee requesting petty cash and be approved by a Department Head or designee.

Advances from petty cash must be reconciled and returned to the Finance Department within two (2) days from the date of issuance. A receipt must support all expenditures. Receipts for food & beverages must include the names and affiliations of all participants. If no receipt is provided, the Finance Department requires a statement listing the expenditure(s) signed by the employee and Department Head.

B. Goods Purchases

The purchases of goods do not require the use of a City contract; however, staff should apply "best practices" while purchasing goods to determine whether, in limited circumstances, the use of a City contract for the purchase of goods would be beneficial.

The total estimated cost of goods determines the bidding procedures and procurement methods that must be followed, as described below:

- $25,000 or less: No bidding is required for goods purchases of $25,000 or less. After selecting a qualified vendor, the Department Head may negotiate an acceptable price.

- Over $25,000: For goods purchases over $25,000, staff will solicit vendors through the Formal Bid Procedures or RFP Procedures.

This Manual describes the Formal Bid Procedures, or RFP Procedures under Section 6, Procurement Methods.

All invoices for such purchases should be authorized and documented. In addition, departments must ensure the availability of budgeted funds before making any approved goods purchases.

C. Public Project Construction Contracts

The total estimated cost of a public project determines the bidding procedures and procurement methods that must be followed, as described below:

- $25,000 or less: No bidding is required for contracts of $25,000 or less. After selecting a qualified contractor, the Department Head may negotiate a fair contract.

- $25,001 to $60,000: For contracts of $25,001 to $60,000, staff will solicit and document price quotes through the Informal Quote Procedures. After selecting a qualified contractor, the Department Head may negotiate a fair contract.

- $60,001 to $200,000: For contracts of $60,001 to $200,000, staff will solicit contractors through the Informal Bid Procedures or RFP Procedures.

- Over $200,000: For contracts over $200,000, staff will solicit contractors through the Formal Bid Procedures or RFP Procedures.

The Informal Quote Procedures, Informal Bid Procedures, Formal Bid Procedures, and RFP Procedures are described under Section 6 Procurement Methods in this Manual.

City contracts, including appropriate insurance and indemnification documents, are required for all public project construction contracts and are subject to the approval of

the City Clerk prior to the engagement of services. After selecting the contractor, the Department will submit the contract, insurance, and other required documentation to the City Clerk per the City's contract processing guidelines.

Once the City Clerk approves the contract, the contract record is entered into Munis with all supporting attachments. The Department may now submit a requisition through Munis workflow. Finance will review the contract record for compliance.

D. Services (Contractual, Maintenance, and Professional Services)

The total estimated cost of service determines the bidding procedures and procurement methods that must be followed, as described below:

- $25,000 or less: No bidding is required for contracts up to $25,000. After selecting a qualified vendor, the Department Head may negotiate a fair contract.

- Over $25,000: For contracts over $25,000, staff will solicit proposals through the RFP Procedures. After selecting a qualified vendor, the Department Head may negotiate a fair contract.

This Manual describes the RFP Procedures under Section 6, Procurement Methods.

City contracts, including appropriate insurance and indemnification documents, are required for all services and are subject to the City Clerk's approval prior to the services' engagement. After selecting the contractor, the Department will submit the contract, insurance, and other required documentation to the City Clerk per the City's contract processing guidelines.

Once the City Clerk approves the contract, the contract record is entered into Munis with all supporting attachments. The Department may now submit a requisition through Munis workflow. Finance will review the contract record for compliance.

6. Procurement Methods

All goods, public projects, and services purchased for the City shall conform to the following procurement methods.

A. Informal Quote Procedures

- **Soliciting Quotes or Proposals**. City staff shall solicit via the posted notice, telephone request, mail, email, fax, or any other reasonable solicitation method,

price quotes, or proposals documented in writing. It shall be attached to the City Contract as backup and support. If unable to obtain a minimum of three (3) price quotes, staff shall document those reasonable efforts were made to obtain price quotes or proposals.

- **Award of Contract**. The award shall be made to the vendor offering the best value to the City at the City's sole and absolute discretion. Contracts acquiring professional services shall be awarded to the best-qualified vendor based on demonstrated competence and professional qualifications and at fair and reasonable prices to the City.

B. Request for Proposals Procedures

A Request for Proposal (RFP) is an invitation for selected providers of goods, public projects, or services to submit pricing, qualifications, and other proposals for the opportunity to supply that good, public project, or service to the City or its entities. The following minimum guidelines and procedures shall be implemented:

- **Notice Inviting RFPs.** At a minimum, the notice inviting RFPs shall: (1) describe the project; (2) state how to obtain more detailed information about the project; (3) state the date, time, and place for the submission of proposals; (4) describe general parameters for evaluation and selection; (5) provide City contract, insurance, and indemnification requirements, and (6) include any other information required by state or local law.

- **Review of Qualifications or Proposals.** Proposals shall be evaluated based on the evaluation and selection criteria established by the City.

- **Award.** Contracts for acquiring professional services shall be awarded to the best-qualified vendor based on demonstrated competence and professional qualifications and at fair and reasonable prices to the City. Award for other contracts shall be to the vendor offering the best value to the City at the City's sole and absolute discretion.

C. Informal Bid Procedures

The following minimum guidelines and procedures shall be implemented:

- Notice. A notice inviting informal bids shall be mailed to selected contractors for the category of work to be bid (as shown on the Contractors List) and to construction trade journals as specified by Public Works a minimum of ten (10) calendar days before bids or proposals are due.

- Contractors List. The Public Works Department shall maintain a list of licensed contractors (Contractors List) to utilize the informal bidding procedures. The City may notify additional contractors and construction trade journals at its discretion, provided, however, that:

    - If there is no list of qualified contractors maintained by the City for the category of work to be performed, the notice inviting bids shall be sent to the construction trade journals and other resources specified by the Public Works Director.

    - If the product or service is proprietary, it can be obtained only from a specific contractor. The notice inviting informal bids may be sent exclusively to the contractor.

D. Formal Bid Procedures

Notice. Notices inviting formal bids are published a minimum of fourteen (14) calendar days before the bid opening on the Internet and sent to construction trade journals and potential bidders. Notice inviting formal bids shall state the time and place for the receiving and opening of sealed bids and describe the procurement along with any other information required by state or local law.

Bid Documents. The bid documents will adequately and accurately describe the items purchased and include necessary specifications. Bidders should be advised of the bidder's security, performance, payment bonds, insurance, indemnification, contract requirements, affirmative action, minority business enterprise requirements, and other requirements as applicable.

Bid Opening. Sealed bids shall be submitted to the City and identified with the bid number on the envelope. Upon receipt, the City Clerk shall date and time stamp the envelope. Bids shall be opened in public at the time and place stated in the public notices.

No Bids. If no bids are received, the City may have the contract procured in any manner allowed by this Manual without further complying with the Formal Bid Procedures.

Review of Bids. Staff will review all bids received for completeness, accuracy, responsiveness to the invitation and bid documents, and the City's experience with or knowledge of the qualification and reliability of each bidder and prepare a recommendation for the City Manager.

Rejection of Bids. The City Manager may, in their sole and absolute discretion, reject any one or more items of a bid, reject all bids, or waive any irregularities or informalities in the bids or bidding process if deemed to best serve the interests of the City.

Award of Contract. The contract shall be awarded to the lowest responsible bidder submitting a responsive bid or the bidder offering the best value to the City unless otherwise required by law.

E. Exceptions to Procurement Methods

This Section contains exceptions to the City's procurement methods. Although exempt from procurement methods, services, and public projects under these circumstances are NOT exempt from the contract, insurance, and indemnification requirements. The City may determine that using an exception is more beneficial.

- **Sole Source**. Sole source acquisition of brand name, specialized, or compatible products and furnishings to assure compatibility with other City products and equipment.

- **Disaster Relief.** In the case of a disaster, as further explained in Chapter 2.32 of the City's Municipal Code, the requirements of this Section do not apply.

- **Emergency Purchases.** An emergency purchase may be made when there is an immediate need to acquire goods, public projects, or services. For purchasing purposes, an emergency is one in which there is a direct threat to life or property or a substantial disruption of a vital public service. The crisis must be of such a nature that the Department Head and the City Manager would be contacted to advise them of the situation, regardless of when they occur. Such emergency action shall be reported to the City Manager within 24 hours. Emergency purchases of $50,000 or less must be pre-approved verbally by the appropriate Department Head. An emergency purchase over $50,000 must be pre-approved verbally by the City Manager.

- **Best Interest of City.** Limited only to City Manager approval. Except where otherwise prohibited by law, when the City Manager authorizes the award for public projects, services, and goods, without following the required procurement methods, provided that the City Manager finds that such award is in the best interest of the City or of the public health, safety, and welfare. For example, when the City Manager determines that a competitive market does not exist for a public project, service, or good, the City will not obtain a competitive advantage by using the required procurement method. This exception shall not be used to circumvent a method of procurement needed without a finding in writing by the City Manager that the required procurement method cannot be followed or is unavailing to the City.

- **Piggybacking.** Departments may engage in piggybacking if deemed advantageous to the City and compliant with State and local law. Piggybacking is procuring goods, public projects, or services without following bid procedures by utilizing another public entity's award of a contract. The City permits the piggyback of contracts awarded by, among others, the State of California, local and state government agencies, and joint powers agencies. Written approval by the City Manager is required for piggybacking.

- **Recurring Purchases.** The City may create an open vendor list to provide services and goods as needed or if needed. Examples of as-needed or if-needed services and goods include but are not limited to auto repair and maintenance, repair parts, minor maintenance and repair of City facilities, and other routine services and goods that do not lend themselves to being procured through a competitive bid or RFP process. When establishing the vendor list, each vendor's prices shall be obtained to ensure competitive pricing in the City's best interest.

- **Otherwise Authorized By Law**. The City may utilize alternative delivery methods that are otherwise available under the law. Examples of alternative delivery methods include but are not limited to, energy conservation projects (Government Code sections 4217.10, et seq.) and public-private partnerships (Government Code sections 5956, et seq.).

F. Requestions and Purchase Orders

The City recognizes using requisitions and purchase orders to encumber budgeted funds during the year as a budget and fiscal management tool. Therefore, the encumbrance of annual or multi-payment contracts is required.

G. Purchase Order Exemptions

The following disbursements are exempt from Purchase Order requirements.

- Disbursements for refundable deposits

- Disbursements to Public Agencies for which the City collects fees on behalf of the Agency (i.e., TUMF fees, MSHCP fees)

- Disbursements for payroll, payroll liabilities, and employee benefits.

- Disbursements for refunds of City fees collected (i.e., Building & Planning fees)

- Payments to fiscal agents

- Purchases considered one-time and timely, eliminating the encumbrance once paid, do not require Purchase Orders.

H. Change Orders

A change order is a request to increase or decrease a purchase order amount. The responsible Department will prepare a change order. Change orders will require the same approvals as were required for the original purchase order including, but not limited to, appropriations in the Budget for the change order. Unless otherwise authorized by the contract applicable to a changer order, an approved change order should be executed prior to the contractor or vendor performing work subject to the change order.

I. Protest Procedures

Right to Protest. Prior to City awarding a contract, any responsible bidder or proposer in connection with the procurement of the contract may protest the award. A subcontractor of a bidder or proposer may not submit a protest. This Section shall apply to all contracts awarded by the City Manager through a formal competitive process, including but not limited to formal bid procedures or RFP procedures. The protest procedures are solely to serve the public interest and obtain the finality of City contract awards.

Timing of Protest. The protest shall be submitted in writing within the following times:

- To protest another bidder's bid five (5) calendar days after the bid opening date.
- If the City issues a notice of intent to reject a bid or any other determination of a bid, then the protest shall be submitted in writing within five (5) calendar days following the issuance of the notice and prior to the date of the contract award.
- Untimely protests will not be considered and will be deemed waived.

Contents of Protest. The protest shall identify and explain the factual and legal grounds and include all relevant supporting documentation. Any grounds not raised in the written protest are deemed waived by the protesting bidder.

City Response. If the protest is timely and complies with the above requirements, the City shall review the protest, any response from the challenged bidder(s), and all other relevant information and provide a written decision to the protestor.

Effect of Failure to Comply with Protest Procedures. The procedures outlined in this Section are mandatory and are the sole and exclusive remedy of a bidder or proposer

to dispute the award of a contract. A protest that does not comply with these procedures may be summarily rejected.

Conflicts. The protest procedure contained in this Section shall not apply if a particular procurement solicitation contains a different protest procedure.

7. Invoices

An invoice is required to pay all warrants and wires that the City of Indian Wells issues, except for petty cash disbursements and travel expense reimbursements, for which alternate paperwork is required.

All invoices received by the City shall be directed to the Finance Department for processing. The Finance Department will initiate invoice entry in Munis for each invoice the City receives. The invoice record will be distributed to the Department Head or designee via Munis workflow for review and approval. All invoices over $10,000 will be directed to the Finance Director via Munis workflow.

Invoices are processed weekly, and warrants are generated every Friday. All invoices not approved through the workflow for any given week will be processed once full workflow approval has been received via Munis. Prompt approval of invoices by all City departments will enable the Finance Department to process payments on time and maintain the City's good credit standing.

8. State of California, Riverside County, or Public Agency Purchasing Program

The City is eligible to participate in any State of California, Riverside County, or other public Agency negotiated/cooperative purchasing program. Participation in these purchasing programs allows the City to receive the exact deep discount pricing for goods and services as the State of California, Riverside County, or other public agencies without requiring the expenditure of staff time and cost necessary to conduct a separate procurement process. Items purchased through these programs require specific program backup and will not require formal bidding or price quotes from multiple vendors.

9. Management Agreements

Purchasing requirements in this Manual shall not apply to any company or person for which the City has entered into a Management Agreement. Such management companies shall conform to the fiscal procedures established by their respective companies.

10. Fire Access Maintenance District No. 1

The Indian Wells Fire Access Maintenance District No. 1 (FAMD) shall conform to the terms and conditions in this Fiscal Procedures Manual.

Specific to FAMD and Consultant. In addition to the other provisions of this Fiscal Procedures Manual, the FAMD and its contracted manager ("Consultant") are subject to the following requirements.

1. Operating Account. Consultant shall establish a bank account for the FAMD at a banking institution located in close proximity to the FAMD, such account to be in Consultant's name (the "Operating Account"). The Consultant will deposit in the Operating Account all monies it receives from the operation of the FAMD, as well as all monies furnished by the FAMD as working funds. Consultant shall disburse the funds in the Operating Account for the purposes set forth in the current Professional Services Agreement between the FAMD and Consultant ("Agreement"), including for the purpose of paying for contracted services and goods for the FAMD. Notwithstanding the provisions of the foregoing sentence, Consultant shall be entitled to maintain funds in reasonable amounts in "cash register banks" or petty cash funds at the FAMD.

2. Working Capital Funds and Working Capital Shortfalls. The FAMD will provide all funds as necessary to pay for all FAMD expenses. The performance of all activities by Consultant under the Agreement shall be for and on account of the FAMD.

3. Disbursements.

3.1. From the Operating Account (or, if appropriate, from "cash register banks" or petty cash funds available at the FAMD), Consultant is authorized to pay all FAMD expenses when incurred.

3.2. All payments made by Consultant hereunder shall be made from the Operating Account and petty cash funds. Consultant shall not be required to make any advance or payment to or for the account of FAMD except out of such funds, and Consultant shall not be obligated to incur any liability or obligation for FAMD's account without assurances that FAMD shall provide all necessary funds for the discharge thereof.

4. Excess Income transferred to FAMD. If after payment of all FAMD expenses, and provided there are sufficient funds available in the Operating Account to satisfy the daily working capital needs of the FAMD, then any excess funds in the Operating Account shall be disbursed by Consultant to the FAMD. Consultant shall maintain at all times, in its reasonable judgment, sufficient funds in the Operating Account to satisfy the daily working capital needs of the FAMD for the 30 days following the disbursement. Consultant shall calculate and process Excess Income on a monthly basis. Upon the expiration or earlier termination of the Agreement, all funds remaining in the Operating Account after payment of FAMD expenses shall be disbursed by Consultant to the FAMD.

5. Books and Records. Consultant shall keep complete and accurate books of account and such other records as are necessary to reflect the results of the operation of the FAMD. For this purpose, Consultant agrees it will make available to the FAMD, all books and records in Consultant's possession relating to the FAMD, including contract documents, invoices, and construction records. All books and records for the FAMD shall be located either at the FAMD or at Consultant's corporate office. All accounting records shall be maintained in accordance with generally accepted accounting principles and shall be maintained in an accrual format for each Operating Year. All such books, records, and reports shall be maintained separately from other facilities operated by Consultant. Consultant agrees to maintain reasonable and necessary accounting, operating, and administrative controls relating to the financial aspects of the FAMD, and such controls shall provide checks and balances designed to protect the Consultant and the FAMD. Consultant shall deliver to FAMD all of the financial and accounting books and records of the FAMD upon the expiration or earlier termination of this Agreement, and the FAMD shall have the right to inspect and audit such books and records during such period as provided in Section 7 below.

6. Reports to FAMD. Consultant shall deliver to the FAMD the following financial statements in a form reasonably acceptable to the FAMD:

6.1. Within 20 days after the end of each calendar month, a profit and loss statement, balance sheet, cash flow statement, and budget variance report showing the results of operation of the FAMD for such month and for the Operational Year to date, which statement shall include sufficient detail to reflect all gross revenues and FAMD expenses; explicitly including:

6.1.1. all revenues or other funds received expenses, and disbursements made by the relevant category of the annual budget and, in the case of unbudgeted revenues, receipts, expenses, and disbursements, an itemized list;

6.1.1.1. a comparison of the amounts received and expended with the estimated receipts and expenses set forth in the annual budget, both for the preceding month and year-to-date;

6.1.1.2. a statement of all delinquent receivables and other charges for the use of the FAMD; and

6.1.1.3. include bank reconciliations.

6.1.2. Within 30 days after the end of each Operational Year, a profit and loss statement showing the result of the operation of the FAMD for such Operational Year, which statement shall include sufficient detail to reflect all gross revenues and FAMD expenses. The FAMD, and at the sole expense of the FAMD, these financial statements shall be certified by an independent certified public accountant acceptable to the FAMD.

6.2. In addition to the foregoing, DRM will prepare a monthly variance report for their respective departments compared to the annual budget to be reviewed by the FAMD and Consultant.

7. Inspection. Upon seven days prior written notice to Consultant, which notice shall set forth the date and time that the FAMD desires to inspect the books and records, the FAMD or its authorized agents, auditors, or representatives shall have the right during regular business hours to review, inspect, audit, and copy the books, records, deposit receipts, canceled checks, and other accounting and financial information maintained by Consultant in connection with the operation of the FAMD. All such books and records shall be made available to the FAMD at the FAMD unless the FAMD and Consultant agree upon another location. The FAMD, at its own expense, shall have the right to retain an independent accounting firm to audit the books and records of the FAMD on an annual basis. The inspection right of the FAMD under this Section 7 shall remain in effect for a period of one year following the termination or expiration of the Agreement.

11. City Credit Card Purchases

A. Purpose of City's Credit Card

These guidelines establish the City's basic policies and procedures for using credit cards. The City credit card may be used when traveling on City business, attending conferences, official meetings, or training, and securing airline reservations and hotel accommodations. City credit cards may also be used to purchase goods and services such as community events and activities, cultural events, advertising and marketing, technology goods, and memberships and dues.

B. Authorization and Acknowledgement of City Credit Cards by Eligible Employees

The issuance and revocation of City credit cards shall be at the sole discretion of the City Manager. In the absence of specific authorization from the City Manager, the standard

credit limit for City credit cards shall be $10,000. The City Manager is empowered to establish credit limits on a case-by-case basis, with the maximum allowable limit not exceeding $50,000.

C. Appropriate City Credit Card Use

- City credit cards may be used for traveling on City business.

- City credit cards may be used to purchase goods and services from vendors where the use of a check is not practical, such as internet purchases.

- City credit cards may be used to secure reservations and locations for various City activities, attending local meetings, community events, honoree luncheons, marketing promotions, and sales missions. In addition, city credit cards may be used for all meals in conjunction with official City business, such as meetings with City Council, developers, or consultants.

- The City credit card is not intended to replace other procurement methods where proper planning and procurement enable volume discounts. Credit cards should never be used to circumvent procurement methods established in this Manual. This means purchasing goods or services that would otherwise require a specific procurement method should not be made.

- Employees shall not use City credit cards for personal expenses. Charging personal expenses on City cards is a misuse of City funds and a severe breach of the City's ethics/fraud policy. Doing so will result in disciplinary action, up to and including termination. Employees should use care when selecting between the City’s credit card and their personal credit cards.

D. Travel, Meetings, & Conferences

All credit card charges must be supported by detailed charge receipts and be submitted on a travel expense report. Before travel, City employees without City credit cards may complete a credit card purchase authorization form to book airline and hotel accommodations using the Department Head’s credit card. The completed form is submitted to the employee’s Department Head for approval. The approved form should support the reconciliation of the monthly credit card statement.

E. Obtaining Goods and Services

The Department Head must complete and approve a credit card purchase authorization form before purchasing any goods or services. A receipt/invoice is required to substantiate every credit card purchase.

Authorized purchases may be made in person, via an approved internet site, or by telephone. The cardholder must require vendors to itemize the receipt/invoice. An itemized receipt/invoice consists of the following information:

- Date of purchase/Date of Event
- Detailed description of goods or services purchased
- Price per item
- Amount of sales tax and the total amount
- Shipping charges, if any.

Upon completing the credit card transaction, the employee shall attach the itemized receipt to the completed credit card purchase authorization form and submit the form to the Department Head.

F. Card Restrictions

Except for an emergency, credit cards shall not be used for the following:

- Cash advances, money orders, wire transfers.
- Gasoline purchases
- Personal items and personal services
- Personal entertainment
- Long-term rentals or lease agreements

G. Monthly Reconciliation

At the conclusion of each billing cycle, the Finance Department will upload all cardholder statements into Munis, detailing all transactions made during the period. Cardholders are required to reconcile their statements within 15 days of receipt and submit supporting documentation to the Finance Department, including account numbers and transaction descriptions.

All credit card transactions will be processed through the Munis workflow for review and approval by the Department Head or their designee. Expenditures lacking proper documentation may only be reimbursed with the approval of the City Manager. The City Manager may revoke cards from cardholders for failure to reconcile statements within the 15-day reconciliation period. Falsification of receipts will result in disciplinary action, up to and including termination of employment.

H. Disputed Charges

Cardholders are responsible for ensuring vendors, credit card companies, and the Finance Department are notified immediately of any disputed charges. Cardholders will be responsible for resolving the disputed amount directly with the vendor or credit card company.

I. Timely Payment

The Finance Department will ensure timely payments based on the statement cycle date. Credit card charges will be paid once reconciled by the cardholder and approved by the Finance Department.

J. Lost or Stolen Cards

Cardholders are responsible for ensuring that the credit card company and the Finance Department are notified immediately if a credit card is lost or stolen. Failure to do so may result in the cardholder being held responsible for fraudulent credit card use.

K. Surrender upon Request or Separation

The credit card will be immediately surrendered upon retirement, termination, separation, or upon request of the City Manager. Use of the credit card for any purpose after its surrender is prohibited.

12. Capital Assets Policy and Procedures

A. Purpose

This capital assets policy and procedures aim to ensure adequate and appropriate control of City capital assets. The procedures are intended to define capital assets and establish guidelines for proper accounting, inventory, depreciation, and disposal, as amended from time to time. The Finance Department's responsibility is to determine the criteria for the asset type, class, depreciation, and accounting of the capital asset or inventory items. City Department Heads' responsibility is to ensure that capital assets are controlled.

B. Capitalization Policy

All capital and intangible assets will be subject to capitalization, including buildings, machinery, naming rights, and equipment, with an original cost of $40,000 or greater and a life expectancy of five (5) years or greater. However, the City has made one exception to this basic rule. All computer and computer-related equipment purchases will not be capitalized.

All costs associated with purchase or construction should be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, professional fees, and legal claims directly attributable to asset acquisition. Repairs to existing capital assets will only be subject to capitalization if it extends the asset's useful life by a minimum of three (3) years or greater.

Capital projects will be capitalized as "construction in progress" until completed. Costs to be capitalized include direct costs, such as labor and materials, ancillary costs, and any construction period interest costs as required by the GASB pronouncements.

C. Inventory Control

Individual departments safeguard the City's capital assets from theft or loss. Inventory control is applied only to movable capital assets. Capital assets subject to inventory control will be accounted for and controlled through the same systems and procedures used to account for and manage capital assets subject to capitalization.

D. Depreciation

Depreciation is calculated on all capital assets per GASB Statement No. 34 standards. Including an intangible asset is based on GASB Statement No. 51 provision. Intangible assets are amortized over their useful contractual lives.

All depreciation is booked using the straight-line method and average month conventions. The book value and depreciation life cycles are determined using general industry guidelines. Depreciation is charged as an expense against operations, and accumulated depreciation and reported on the balance sheet.

The range of lives for depreciation purposes for each capital asset class is as follows:

- Building and improvements 10-50 years
- Equipment 3-15 years
- Infrastructure 5-60 years
- Intangible assets Depreciated over contractual life

E. Surplus Property

Occasionally it becomes necessary to dispose of surplus property, including materials, supplies, and equipment no longer needed by the City. The Finance Department shall be responsible for the disposal of all City surplus property. The Finance Department shall periodically submit a surplus property list to the City Manager for review and consideration. The disposal method may be by public auction, private sale, or donation, determined by the City Manager at the time of disposal.

13. Reimbursement Policy and Procedures

It is the policy of the City to reimburse expenses incurred by elected and appointed officials, officers, and employees of the City when such expenses are incurred while on authorized City business. Any employee traveling on City business shall receive approval from their Department Head or the City Manager. The Reimbursement and Travel policy is based on the conscientious and thoughtful use of City resources. Within that ideal, the City recognizes responsibility for the travelers' physical needs, convenience, and safety.

A. Expense Reimbursement Procedure

A Travel Expense Report should be prepared by the employee and submitted to the Finance Department within one (1) week after incurring travel or meeting expenses. All receipts and supporting documentation shall be attached to the expense report to account for all travel expenditures claimed.

After the Department Head approves, the Travel Expense Report shall be submitted to the Finance Department for review and processing. Any Travel Expense Report with insufficient documentation or inappropriate claims will be returned unpaid until corrected. In the case of reimbursement, the report form will be considered a payment request. If

a refund is due to the employee, the Finance Department will issue a reimbursement check following the Accounts Payable Schedule.

B. Expense Reimbursement Procedure for Elected and Appointed Officials/Reports Regarding Meeting Attended

A Travel Expense Report should be prepared by an elected or appointed official and submitted to the Finance Department within one (1) week after incurring travel or meeting expenses. The expense report shall show the total expenses incurred for travel and meetings and a reconciliation of any travel advances granted. All receipts and supporting documentation shall be attached to the expense report to account for all travel expenditures claimed. Any Travel Expense Report with insufficient documentation or inappropriate claims will be returned unpaid until corrected.

In addition to submitting an expense report, the elected or appointed official will be required to provide a brief report on the conference or meeting attended for which the expenses were incurred at the next regular meeting of their respective legislative body.

C. Allowable Expenses

Mileage - Mileage is paid at the prevailing rate the Internal Revenue Service provides. To be eligible for mileage reimbursement, management must approve an employee to attend an outside function or conduct City business away from City premises. Reimbursement mileage is calculated from the City (or closest starting point) to the destination and back to the City (or closest ending point). Employees receiving a City auto allowance are subject to a seventy-five (75) mile deduction for mileage reimbursements. While attending the event, incidental mileage is reimbursed up to ten (10) miles per day.

Parking – Employees and elected and appointed officials will be reimbursed for parking. However, depending on the length of the trip, alternative transportation services to and from the airport, such as an airport shuttle or a taxicab, should be considered if they are less expensive.

Air Travel - Air transportation from the most suitable airport will be acquired at the most economical fare consistent with the traveler's needs. Coach seating is preferred; however, consistent with the traveler's needs, an upgrade to a Business Class seat or its equivalent may be purchased, especially on longer domestic or international flights. Priority boarding and baggage services may be purchased to accommodate the traveler's needs. Advance purchases of tickets are encouraged and may be overseen via a travel agent, the Internet, or individual airlines. The authorization shall be granted before purchasing tickets. A City credit card or check may be used to make the purchase.

Hotel Accommodations - Employees and elected and appointed officials will make lodging arrangements based on value, convenience, and safety for the Traveler. Hotels should be reasonably priced. Individuals attending conventions and conferences are encouraged to stay at the hotel specified or local area for that convention or conference. If such lodging is connected with a conference or other educational activity, employees and elected and appointed officials shall request the group rate published by the conference or event sponsor for the meeting in question, provided such rates are available at the time of booking. If the group rate is unavailable, employees and elected and appointed officials shall request the government rate. If government rates are unavailable at a given time, employees and elected and appointed officials shall request the most favorable rate.

Individuals will be allowed one (1) single room. For the traveler's convenience, hotel accommodations are allowed up to one (1) night prior and one (1) night after conducting official business.

Employees and elected and appointed officials are strongly encouraged to pay separately for all ancillary lodging expenses, such as gift shop and movies, and not charge these to the main hotel bill. Employees and elected, appointed officials must indicate personal expenses charged to the hotel bill, such as toiletries, magazines, hairdresser, barbershop, health club expenses, in-room movies, and mini-bar, and report them as personal on the hotel bill and deduct them from the overall reimbursable expenses. Reimbursable lodging expenses must be summarized and totaled on the hotel bill.

Ground Transportation - The City will reimburse ground transportation expenses associated with the City business. Individuals traveling between the airport and the hotel are encouraged to use the least expensive transportation.

Car Rental - Car rental associated with City business is a reimbursable expense provided the rental cost is less than the cost of travel by cab or other less expensive forms of transportation. The Traveler should use a company offering the lowest available rental cost if a rental car is necessary. The employee should make advance arrangements if a car is required at the destination. Vehicle selection should be based on the most cost-effective class that satisfies the Traveler's requirements, passengers' requirements, and any equipment that may need to be transported. Supplemental auto insurance coverage offered by car rental agencies will be declined, as the City's insurance policy provides liability and collision coverage.

Meals –City Employees – While traveling, City employees will receive a $110.00 per day Travel Per Diem. The Travel Per Diem shall be used for meals, meal tips, and room-services charges. Detailed receipts and other documentation are not required. The travel days eligible for the Travel Per Diem shall be approved by the Traveler's Department Head or the City Manager after the conclusion of travel. Once approved, the Travel Per

Diem shall be paid on the employee's next regularly scheduled payroll disbursement and is subject to applicable payroll taxes.

Use of the Travel Per Diem for one-day meetings, training, or similar one-day events is prohibited. Meal expenditures incurred for one-day meetings, training, or similar one-day events will be reimbursed at actual cost, including reasonable tips, not to exceed $90.00 per day.

Meals – Elected Officials/ Appointed Officials/Non-Payroll Travelers/One-Day Meetings or Training- Meals are allowable at actual cost, including reasonable tips and room-services charges, not to exceed $170 per day, with no single meal exceeding $100 per day. Elected and Appointed Officials, non-payroll travelers, and City employees attending one-day meetings or other one-day events must provide detailed receipts and other documentation, if necessary, to support all expenditures.

Gratuities – Employees and elected and appointed officials will be reimbursed for reasonable non-meal-related gratuities such as those to bell captains, valets, taxi drivers, etc. Gratuity standards can vary from Traveler to Traveler; the City encourages a practical and modest approach to gratuities considering these are public funds. Note: Meal gratuities are governed by the two meal-related provisions immediately preceding this paragraph.

Laundry - If the trip is extended to more than five (5) overnights, the City will reimburse for reasonable cleaning and laundry expenses. Reimbursable cleaning and laundry expenses are limited to traveling and unavailable once the Traveler has returned from travel.

Internet - Employees and elected and appointed officials may be reimbursed for internet access and usage fees away from home if internet access is necessary for City-related business.

Office Supplies - The City will reimburse any office supplies expenses necessary to perform official City duties.

Other Expenses – The City may reimburse for other expenses, provided these are not the type of Incidental Expenditures listed below.

Incidental Expenditures - The City will not reimburse for incidental expenses. Incidental expenses are the responsibility of the employee and the elected or appointed official. The following are examples of such non-reimbursable expenses while traveling:

- Alcohol
- Babysitting

- Barbers and hairdressers
- Candy, gum, and snacks
- Cigarettes
- Clothing
- Dietary supplements or vitamins
- Dues for frequent guest programs (airline, hotel, restaurant)
- Expenses for travel companions
- Expenses related to vacation or personal days while on a business trip
- Gifts
- Golf fees
- Health club fees
- Lost baggage
- Luggage and briefcases
- Magazines, books, newspapers
- Movies (including in-flight and hotel in-house films)
- Optional travel or baggage insurance
- Parking or traffic tickets
- Personal accident insurance
- Personal entertainment, including sports events
- Personal toiletries
- Pet care
- Postage costs (unless for City business)
- Routine auto maintenance
- Sauna and massage services
- Shoeshine
- Souvenirs and personal gifts
- Spousal tours

Family Member Accompaniment - All costs associated with family member travel shall be at the sole expense of the Traveler.

D. Elected and Appointed Officials and Limitation on the Type of Reimbursable Occurrences

Limitations - City funds, equipment, supplies (including letterhead), and staff time must only be used for authorized City business. Expenses incurred in connection with the following types of activities constitute authorized expenses if the other requirements of this policy are met:

- Communicating with regional, state, and national government representatives on City adopted policy positions.

- Attending educational seminars designed to improve officials' skills and information

levels

- Participating in regional, state, and national organizations whose activities affect the City's interests
- Recognizing service to the City
- Attending City events
- Implementing a City-approved strategy for attracting or retaining businesses to the City, which will typically involve at least one staff member
- Performing activities at home or office in furtherance of official City duties

Other Occurrences - All other expenditures for occurrences not included herein require prior approval by the City Council in a regular public meeting.

14. Federally Funded Procurements

The following procurement procedures shall be complied with in connection with the utilization of federal grant funding subject to 2 CFR Part 200. These procedures are in addition to and are not intended to replace or supersede the City's other procurement requirements or state law requirements. In the case of a conflict between these procedures, the more stringent requirement shall govern, provided that the more stringent requirement would not violate a federal procurement requirement. In such a case, the federal requirement shall govern federally funded contracts.

General Procurement Standards

Code of Conduct - As representatives of the City, all employees are expected to conduct themselves professionally and ethically, maintaining exacting standards of integrity and using good judgment. Employees are expected to be principled in their business interactions and act in good faith with individuals inside and outside the City. The following Code of Conduct shall govern the performance, behavior, and actions of the City, including employees, directors, appointed or elected officials, volunteers, or agents who are engaged in any aspect of procurement, including, but not limited to, purchasing goods and services, awarding contracts and grants, and the administration and supervision of contracts:

- No employee, director, appointed or elected official, volunteer, or agent of the City shall participate in the selection, award, or administration of contracts supported

by a federal award if a conflict of interest is real or apparent to a reasonable person.

- Conflicts of interest may arise when an employee, officer, or agent of the City, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has an actual or apparent financial or other interest in or a tangible personal benefit form a firm considered for the contract.

- No employee, director, appointed or elected official, volunteer, or agent of the City shall do business with, award contracts to, or show favoritism toward a member of their immediate family, spouse's family, or to any company, vendor, contractor, or parties to subcontractors who either employ or has any relationship to a family member; or award a contract or bid which violates the spirit or intent of federal, state and local procurement laws and policies established to maximize free and open competition among qualified vendors.

- The City's employees, directors, appointed or elected officials, volunteers, or agents shall neither solicit nor accept gratuities, favors, gifts, consulting fees, trips, or anything having a monetary value above twenty-five dollars ($25.00) from a vendor, potential vendor, family or employees of a vendor, contractor, or parties to subcontractors.

- Disciplinary measures for violations of the Code of Conduct by employees, directors, appointed or elected officials, volunteers, or agents who are engaged in any aspect of procurement, including, but not limited to, purchasing goods and services, awarding contracts and grants, and the administration and supervision of contracts could result in disciplinary action, up to and including dismissal, subject to the applicable due process as prescribed in the City's Personnel Policies and Procedures.

Solicitation Procedures

The City shall maintain administrative oversight of contractors to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

Acquisition of unnecessary or duplicative items must be avoided. Consideration should be given to consolidating or dividing procurements to obtain a more economical purchase. When appropriate, an analysis of lease versus purchase alternatives and any other proper research will be made to determine the most economical approach.

To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services, the City is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

Procuring federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs shall be utilized.

Value engineering clauses may be used in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at an overall lower cost.

Contracts shall only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, public policy compliance, proper classification of employees (see the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8), past performance record, and financial and technical resources.

Records will be maintained sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. The City Clerk will be the repository for said records and shall be maintained for no less than seven (7) years.

Time and material-type contracts (open-ended) may be used only after determining that no other contract is suitable. A time and material type contract means a contract where the cost to the City is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expenses, and profit. Each time and material contract will set a ceiling price the contractor exceeds at its own risk. A higher degree of oversight is required to reasonably ensure that the contractor uses efficient methods and adequate cost controls.

The City alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include but are not limited to source evaluation, protests, disputes, and claims. These standards do not relieve the City of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the City unless the matter is primarily a federal concern. Violations of law will be referred to the local, state, or federal authority having proper jurisdiction.

Competition

All procurement transactions must be conducted to provide complete and open competition. To ensure objective contractor performance and eliminate unfair competitive advantage, contractors who develop or draft specifications, requirements, statements of work, and invitations for bids or proposals will be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include, but are not limited to:

- Placing unreasonable requirements on firms in order for them to qualify to do business
- Requiring unnecessary experience and excessive bonding
- Noncompetitive pricing practices between firms or between affiliated companies
- Noncompetitive contracts to consultants that are on retainer contracts
- Organizational conflicts of interest
- Specifying only a brand name product instead of allowing an equal product to be offered and describing the performance or other relevant requirements of the procurement
- Any arbitrary action in the procurement process

For Federal awards prior to October 1, 2024, procurements shall be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this Section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion, provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract.

All solicitations will clearly and accurately describe the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features that unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured. When necessary, it must set forth those minimum essential characteristics and standards to which it must conform to satisfy its intended use. Detailed product specifications should be avoided if possible. When it is impractical or uneconomical to

clearly and accurately describe the technical requirements, a brand name or equivalent description may be used to define the performance or other relevant procurement requirements. The specific features of the named brand which offers must meet must be clearly stated.

Bids and proposals shall identify all the requirements the offerors must fulfill and all other factors to be used in evaluating bids or proposals.

The City shall ensure that all prequalified lists of persons, firms, or products used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The City shall not preclude potential bidders from qualifying during the solicitation period.

Methods of Procurement - The thresholds below are federal. If City thresholds are lower, the more restrictive requirement shall govern, notwithstanding the provisions herein.

Informal Procurement Methods. When the value of the procurement for property or services under a federal award does not exceed the Simplified Acquisition Threshold (SAT) (e.g., currently set at purchases of $250,000 or less) or a lower threshold established by the City, formal procurement methods are not required. The City may use informal procurement methods to expedite the completion of its transactions and minimize the associated administrative burden and cost. The informal methods used for procurement of property or services at or below the SAT include:

Micro-purchase: Purchases of supplies or services where the aggregate dollar amount does not exceed $10,000, or the current limitation set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1, where this threshold is periodically adjusted for inflation, may be awarded without soliciting competitive quotations if the City considers the price to be reasonable based on research, experience, purchase history or other information and documents it files accordingly. To the extent practicable, the City must distribute micro-purchases equitably among qualified suppliers.

Small purchase: Purchases of property or services up to the Simplified Acquisition Threshold (SAT), which is currently $250,000. Price quotations must be received from no less than three (3) sources.

Formal Procurement Methods: When the value of the procurement for property or services exceeds the SAT or a lower threshold established by the City, formal procurement methods are required. Formal procurement methods require following documented procedures. Formal procurement methods also require public advertising unless noncompetitive procurement can be used in accordance with the below. The following

formal methods of procurement are used for the procurement of property or services above the SAT or a value below the SAT the City determines to be appropriate:

Sealed bid: Under this purchase method, formal solicitation is required. The fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest price. This method is the preferred procurement method for construction contracts. For sealed bidding to be feasible, there must be:

- A complete, adequate, realistic specification or purchase description is available.
- Two or more responsible bidders are willing and able to compete effectively for the business.
- The procurement lends itself to a firm-fixed-price contract, and the successful bidder selection can be made principally based on price.

If this method is used, the following requirements shall apply:

- The invitation for bids will be publicly advertised and must be solicited from an adequate number of known suppliers, providing them with sufficient response time before opening the bids.
- The invitation for bids, which will include any specifications and pertinent attachments, must define the terms of services for the bidder to respond appropriately.
- All bids will be publicly opened at the time and place prescribed in the invitation for bids.
- A firm-fixed-price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts will only be used in determining which bid is the lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of.
- Any or all bids may be rejected if there is a sound documented reason.

Competitive proposals: This procurement method requires formal solicitation, fixed-price, or cost-reimbursement contracts and is used when unsuitable sealed bids. If this method is used, the following requirements apply:

- Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practical.

- Proposals must be solicited from an adequate number of qualified sources.

- The methods for conducting technical evaluations of the proposals received and selecting recipients may include, but are not limited to, oral interviews, references, past performance, availability to perform work, and certifications as determined by project scope.

- Any response that takes exception to any mandatory items in this proposal process may be rejected and not considered.

- Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; and,

- Competitive proposal procedures may be used for qualifications- based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated, and the most qualified competitor is selected, subject to fair and reasonable compensation negotiation. The method, where the price is not used as a selection factor, can only be used to procure A/E professional services. It cannot be used to purchase other types of services, though A/E firms are a potential source to perform the proposed effort.

Noncompetitive Procurement: Noncompetitive procurement can only be awarded when one or more of the following criteria are met:

- The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold.

- The item is available only from a sole source.

- The public exigency or emergency for the requirement will not permit a delay resulting from the competitive solicitation.

- The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-federal entity; or

- After solicitation of several sources, competition is determined to be inadequate.

Contract Cost and Price: A cost or price analysis shall be performed in connection with every procurement action in excess of the Simplified Acquisition Threshold (currently $250,000), including contract modifications. The method and degree of analysis are dependent on the facts surrounding the particular procurement situation, but as a starting point, independent estimates shall be made prior to receiving bids and proposals.

For Federal awards prior to October 1, 2024, profit shall be negotiated as a separate element of the price for each contract in which there is no price competition and, in all cases, where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

Costs or prices based on estimated costs for contracts under the federal award are allowable only to the extent that costs incurred, or cost estimates included in negotiated prices would be acceptable for the City under Subpart E- Cost Principles of Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The cost plus a percentage of cost and construction cost contracting methods shall be used.

Federal Awarding Agency or Pass-Through Entity Review: The City shall make available, upon request of the federal awarding Agency or pass-through entity, technical specifications on proposed procurements where the federal awarding Agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review will generally take place before the specification is incorporated into a solicitation document. However, if the City desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.

The City will make available upon request for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:

- Procurement procedures or operations fail to comply with the procurement standards in this part.

- The procurement is expected to exceed the Simplified Acquisition Threshold (currently $250,000). It is to be awarded without competition, or only one bid or offer is received in response to a solicitation.

- The procurement, expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product.

- The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or

- A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.

The City is exempt from the pre-procurement review in the paragraph above of this Section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.

The City may request that its procurement system be reviewed by the federal awarding Agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis.

The City may self-certify its procurement system. Such self-certification must not limit the federal awarding Agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as following these requirements and have its system available for review.

Bonding Requirements: For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (currently $250,000), the federal awarding or pass-through entity may accept the bonding policy and requirements of the City provided that the federal awarding Agency or pass-through entity has determined that the federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- A bid guarantee from each bidder is equivalent to five percent (5°/o) of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

- A performance bond on the contractor's part for 100 percent (100°/0) of the contract price. A performance bond is executed with a contract to secure the fulfillment of all the contractor's obligations under such a contract.

- A payment bond on the contractor's part for 100 percent (100°/o) of the contract price. A payment bond is executed in connection with a contract to assure payment as required by the law of all persons supplying labor and material to execute the work provided for in the contract.

Contract Provisions: The City's contracts shall contain the applicable provisions described in Appendix II to Part 200 – Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.

Contracting with small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms: When possible, the City should ensure that small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms are considered as set forth below:

- These business types are included on solicitation lists
- These business types are solicited whenever they are deemed eligible as potential sources.
- Dividing procurement transactions into separate procurements to permit maximum participation by these business types.
- Establishing delivery schedules (for example the percentage of an order to be delivered by a given date of each month) that encourage participation by these business types.
- Utilitzing organizations such as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce
- Requiring a contractor under a Federal award to apply this section to subcontracts.

Domestic Preferences for Procurements.

As appropriate and to the extent consistent with law, the City should, to the greatest extent practicable under a Federal award, provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this Section must be included in all sub-awards, including all contracts and purchase orders for work or products under this award.

For purposes of this Section:

- "Produced in the United States" means, for iron and steel products, all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.

- "Manufactured products" means items and construction materials composed in whole or part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, optical fiber; and lumber.

Procurement of Recovered Materials.

For procurements covered under these procedures, the City and its contractors must comply with section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act. In accordance with these requirements, the City shall only procure items designated in the guidelines of the Environmental Protection Agency (EPA) at 40 CFR part 247 that contain the highest percentage of recovered materials practicable, consistent with maintaining a satisfactory level of competition; procuring solid waste management services in a manner that maximizes energy and resource recovery; and establishing an affirmative procurement program for procurement of recovered materials identified in the EPA guidelines. This requirement applies to purchases of items when the purchase price of the item exceeds $10,000 or the value of the quantity acquired during the preceding fiscal year exceeds $10,000.

The City and its contractors should, to the greatest extent practicable and consistent with law, purchase, acquire, or use products and services that can be reused, refurbished, or recycled; contain recycled content, are biobased, or are energy and water efficient; and are sustainable. This may include purchasing compostable items and other products and services that reduce the use of single-use plastic products. See Executive Order 14057, section 101, Policy.

Prohibition on Certain Telecommunications and Video Surveillance Services or Equipment.

The City shall not allow contractors to contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system or as critical technology as part of any system funded under this contract. As described in Public Law 115–232, section 889, covered telecommunications equipment is produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities). See 2 CFR §200.216.

Costs

The following Section outlines the allowable costs for grants, contracts, and sub-awards. The policy is justified by the requirement of the Code of Federal Regulations (CFR) Title 2 Grants and Agreements, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly known as Uniform Grant Guidance (UGG). It provides the essential criteria to determine direct allowable and indirect allocable costs on federally funded programs regardless of the funding agency sponsoring them. The City shall adhere to the UGG Administrative Requirements as updated.

Payment- Generally, the City receives payments of federal award funds on a reimbursement basis. In some cases, the City may receive an advance of federal grant funds.

- Reimbursements
    - The City will request reimbursement for actual expenditures incurred under federal grants at least quarterly or more often as deemed appropriate.

    - Reimbursement requests will be submitted with appropriate documentation and signed by the City's designated representative. All reimbursements are based on actual disbursements, not on obligations.

    - The City will maintain supporting documentation of federal expenditures (invoices, payroll records) and make such documentation available to awarding agencies upon request.

- Advances
    - When the City receives advance payments of federal grant funds, it must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement of those funds on allowable costs of the applicable federal program. (2 CFR 200.305)

    - To the extent available, the City will disburse funds from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments. (2 CFR 200.305)

    - The City will maintain advance payments of federal awards in insured, interest-bearing accounts whenever not precluded by the Federal award grant guidance or when exceptions per 2 CFR 200.305(8) do not apply. The City may retain annual interest amounts of up to $500 for administrative

expenses. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using an Automated Clearing House (ACH) network or a Fedwire Funds Service payment. [2 CFR 200.305(9)]

Allowable Costs - 2 CFR, part 200, subpart E, Cost Principles identifies direct and indirect costs that can be charged to federal awards; it also identifies those costs that cannot be charged to grant agreements and are considered unallowable expenses. The City adopts the five tests provided by this regulation to determine the allowability of costs applied to federally funded services:

- Reasonability: For a cost to be considered reasonable, it must be necessary for the fulfillment of the grant objective, acquired by means consistent with federal and state laws and regulations and consistent with City policies and practices.

- Allocability: A cost is allocable to a program if the goods/services involved are charged in accordance with the relative benefits received by that program. To be considered allocable, a cost must be incurred solely to advance the work under the sponsored program or benefit both the sponsored program and other programs of the City in proportions that can be approximated through the use of the City cost allocation methods not to exceed the limit imposed by the grant agreements.

- Consistency: Similar costs are treated as direct or Facilities and Administration (F & A) costs when incurred in like circumstances. Costs generally charged as a direct cost to a sponsored program should not be included as F&A costs on other projects when incurred for the same purposes. Where the City treats a particular type of cost as a direct cost of sponsored programs, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all other activities of the City.

- Limitation: Cost must conform to any limitations or exclusions in the sponsored agreement.

- Documentation: Cost must be adequately documented.

Expenditures must be aligned with approved budgeted items. Any deviation from the approved award budget will require prior approval from the awarding Agency. Allowability of costs will be determined prior to obligating and spending federal funds on a proposed good or service. State and City rules or policies must also be considered. Whichever allowability requirements are stricter will govern whether a cost is allowable.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards per 2 CFR 200.403:

- Be necessary and reasonable for the Federal award's performance and be allocable under these principles.

- Conform to any limitations or exclusions set forth in these principles or the Federal award as to types or amount of cost items.

- Be consistent with policies and procedures that apply uniformly to the City's federally financed and other activities.

- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in the circumstances has been allocated to the Federal award as an indirect cost.

- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in the current or a prior period. Also, reference § 200.306, Cost sharing or matching, paragraph (b).

- Be adequately documented. Also, reference §§ 200.300, Statutory and national policy requirements, through 200.309, period of performance, of 200 CFR Part 200.

Direct Costs - Direct costs can be explicitly identified with a particular award. Costs that can be directly assigned to an activity with high accuracy will be directly imputed to that activity. Identification with the grant rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect F&A costs of grant agreements. Examples of some of the costs charged directly include:

- Personnel salaries/fringe benefits

- Capital expenditures

- Software

- Consultants

- Equipment

- Materials and supplies

Facilities and Administrative Costs (Indirect/Overhead Costs) - Costs incurred for common or joint objectives that cannot be explicitly identified with a sponsored program are treated as indirect costs. Examples of indirect costs include:

- Utilities
- Maintenance and operation
- Building and equipment expenses
- Administrative costs

Most grant agreements include a percentage of the direct cost to cover these charges, known as the Facilities and Administrative Cost Rate (F&A), which refer to individual grant agreement guidelines for indirect cost rates. Federal regulations limit instances where administrative costs can be charged directly to grants and contracts. An exception may be made if there is extensive use of such expenses, the expenses have been appropriately justified/documented in the grant/contract proposal, and they have been approved as a direct cost by the appropriate federal Agency.

Examples below list the types of expenses that are generally not allowable as a direct cost:

- Administrative and clerical salaries and wages
- Printing and copying costs
- Office supplies
- Postage and mail
- Telephone and internet

15. Cash Receipts

Checks and cash received should be given to the Finance Department with a specific description and the proper account coding on the day received. City employees should not hold cash and checks overnight. The cash register maintains a $100 change drawer. The register is closed out daily and stored in the City's vault.

City funds shall be deposited upon the aggregate receipt of $50,000 in cash and checks. A deposit is required on the last day of each month, regardless of the funds collected. The deposit and reconciliation of funds shall be conducted under the internal control

procedures established by the Finance Department. The Finance Department will prepare and deliver the deposit to the bank.

16. Billing for Services

The Finance Department shall invoice individuals and companies for services rendered or damage to City property. In cases where a permit fee or deposit is required, the payment shall be made before the issuance of said permit or performance of other City services.

If the payment on an invoice is not received after 30 days, a delinquent notice shall be mailed requesting immediate payment. Those invoices remaining unpaid after 90 days may be referred to collections. When payment is received, a copy of the receipt shall be attached to the invoice. The receipt and applicable backup are filed in the revenue file for the appropriate vendor.

17. Refundable Deposits

Deposits or disbursements of refundable deposits shall be directed by the appropriate Department requiring the deposit. All refundable deposits shall be placed in the Special Deposits Fund upon receipt. A "Refundable Deposit" form must be completed and submitted to the Finance Department staff responsible for receipting the deposit. The form will be validated upon receipt of monies. The Finance Department shall reconcile the Special Deposits Fund every quarter. The Finance Department shall notify the appropriate Department of the status and aging of refundable deposits held by the City.

18. Claims and Demands Upon the City

Claims against the City seeking money or damages are governed by the Government Claims Act (Government Code sections 810 to 998.3) and Chapter 3.20 of the City's Municipal Code. For such claims received by the City under $25,000, but not subject to coverage by the California Joint Powers Insurance Authority, the City Manager is authorized to handle the claim, including, among other things, reviewing the claim for sufficiency and rejecting, accepting, or settling the claim.