

Chapter 1000: The Departmental Purchase Order

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Chapter 1000: The Departmental Purchase Order

1001 Introduction

In November 1993, the Charter was amended to allow Purchasing to delegate to departments the authority to place orders up to \$5,000. Purchasing was authorized to enact regulations in furtherance of this delegation of authority. This Chapter 1000 of the Guide constitutes those regulations.

1002 Quick Reference Chart and Matrix of Decentralized Signature Authority

For a one-page chart which presents an overview of decentralized purchasing procedures, see Exhibit 1000-1. Exhibit 1000-2 is a summary of departments' signature authority levels for decentralized procurement.

1003 Departmental Responsibility

A. Charter and Administrative Code

By assuming responsibility for issuing their own purchase orders up to \$5,000, departments are generally subject to all the procurement provisions of the Charter (esp. Sec. 7.100-7.104) and Administrative Code (esp. Chapter 21). References in those statutes to "the Purchasing Department" or "the Purchaser" apply to departments for purposes of this delegation. (There are references to Purchasing in other parts of the Admin. Code, but they generally do not relate to procurement.)

It is not practical for these procedures to note every Charter, Administrative Code, or other requirement applicable to departments through decentralized purchasing. Departments are advised to familiarize themselves with the procurement-related sections of City codes.

B. Department Head

The department's authorization is from the Director of Purchasing to the department head. The department head is free to delegate to other members of the department the authority to make purchases. These other employees, in turn, must follow these procedures. If anyone violates these procedures, that employee and the department head will be held accountable.

C. Rescinding the Authorization

This authorization may be rescinded if a department violates the procedures.

D. Annual Statement of Economic Interests

Each year, employees in Purchasing with the authority to sign purchase orders are required to complete Form 730, "Statement of Economic Interests." With decentralization, departments are assuming the same reporting and filing responsibilities. Purchase orders may be signed only by people who have filed Form 730s. To authorize anyone else, a department must add the new position to the list in its Conflict of Interest Code. Exhibit 1000-3 is the first page of the form.

In Purchasing, when buyers receive signature authority from the Director they are asked to sign a conflict of interest statement (Exhibit 1000-4). Departments must develop and use a similar document for their own employees who will be placing departmental purchase orders.

E. Signature Cards

If the department head authorizes other employees in the department to place orders and sign the departmental purchase order form, the department must also prepare signature cards for those employees and submit the cards to the Controller. The cards must be kept current.

F. Ethical Purchasing

City departments must abide by the ethics of the purchasing profession. Exhibit 1000-5 is the ethical principles of the National Association of Purchasing Management. a document which is referred to in the conflict of interest statement Purchasing employees sign.

1. Avoidance of "Sharp" Practices

These methods, though they may gain a short-term advantage, will damage the City's reputation. Examples include:

- Giving fictitious information regarding a competitor to extract similar terms from the supplier.
- Requesting quotations without the intent to purchase.
- Letting one supplier see another's proposal data.
- Obtaining concessions by promising future orders, knowing such are unlikely or will never occur.

2. Bid Shopping

Bid shopping involves revealing to a second supplier the first supplier's prices or bid and inviting the second supplier to beat them. Bid shopping is highly unethical.

3. Apparent Pricing Errors

If a bidder submits a low bid which is significantly lower than other bids, before awarding the contract Purchasing contacts the bidder and requests verification of the bid price. This protects the City and the bidder from the consequences of a mistake in the bid calculation. If award were made without consultation, the bidder could later discover the mistake in the bid and decline to perform. The City would have contractual remedies, but avoiding the mistake helps avoid the problem.

If an error is discovered after bid opening, the erroneous bid must be withdrawn and may not be corrected and resubmitted. Before bid opening, a bidder is free to modify or correct a bid.

When considering aggregate versus split awards with estimated quantities, Purchasing should be alert to a department's estimated usage for any items where the bidder's price appears unusually low. An unusually low bid may indicate an error in the estimated quantity. If the estimated quantity appears unusually low or high, this should have been reviewed with the department before the bidding process began.

When a bidder confirms the price or a department confirms the estimated usage, Purchasing should obtain the confirmation in writing from the appropriate party.

4. Employee Purchases

No City employee should request or accept from a supplier the supplier's wholesale prices for personal purchases. Reasons for this prohibition include:

a. Unfair to Retailers

Local retailers could be disturbed because the City would be seen as using its purchasing power to allow its employees to circumvent retail outlets and buy directly from wholesalers.

b. Unfair to the Supplier

If the supplier is a retailer, the supplier may feel that it had to offer wholesale prices to individuals, and thus reduce its retail business, in order to receive the City's award.

If the supplier is a wholesaler, the personal purchases will be proportionally less profitable than the large City orders because the personal purchases are small and numerous but made at the same price as the larger, less frequent City orders.

A rule of thumb when considering these and other situations is: How would the City, the department, or the individual look if the practice became public knowledge?

5. Do Not Accept Gratuities

No person with procurement authority should accept any gratuity from any vendor, because the integrity of the procurement process will, at minimum, appear to be compromised.

1004 Initial Considerations in the Procurement Process

A. Overview

The procurement process breaks down into five phases:

- prior planning (§B)
- initial screening for issues related to all purchases (§C)
- selecting the vendor, either by competitive bidding or other methods (sections 1005 and 1006)
- producing the purchase order and encumbering funds (section 1011)
- transmitting specific transaction information to Purchasing (section 1015)

B. Planning the Purchase

- project needs for a period of time
- space available; warehousing; inventory consolidation
- budgetary considerations
- use the MBE/WBE directory to conduct outreach to MBE/WBE suppliers

C. Requisition Screening

For any order, whether or not the department plans to use competitive bidding, several subjects must be considered and, if necessary, resolved before the purchase proceeds.

1. Equipment

If departments need equipment, they may purchase only equipment which has been approved as part of the City's budget process. (The Controller's definition of equipment is an item

costing at least \$1,000 and having a useful life of at least three years.) On the purchase order, the department must supply the item's equipment budget number.

If the equipment is replacement equipment (as opposed to new), the department must turn in the equipment being replaced to the Central Warehouse for disposal.

2. EIPSC

The same EIPSC approval procedures apply to decentralized purchasing as to an order sent to the Purchasing Department.

3. Telecommunications Equipment, Wiring and Services

All telecommunications equipment, wiring and services should be reviewed and recommended by the Department of Electricity and Telecommunications (DET) before any orders can be placed (per Chapter 22B of the Admin. Code). (Services and wiring are mentioned only as a reminder. Services are excluded from decentralized purchasing, and wiring would be considered a form of construction, which is also excluded.) This is to ensure compatibility with telecommunications standards and existing equipment, and to obtain the most economical products. Also, costs may be charged back to departments without departments handling the paperwork of such orders. Major telecommunications providers (Pacific Bell, AT&T, Cellular One, GTE MobileNet) will not accept orders from departments unless authorized in writing by DET.

For more information, please call the DET Telecommunication Analyst assigned to your department (550-2700) or the Telecommunication manager (550-2780).

4. Electrical Purchases

Purchasing Directive 94-12 (4-29-94) provided departments with updated procedures on the purchases of electrical products. Briefly, departments must do one of the following:

- verify, before or after purchase, that an electrical product has been tested and approved by a laboratory approved by the Department of Public Works; or,
- for products which have not been tested, request specification authorization from the Department of Public Works to purchase and use the product.

For more information, consult the Purchasing Directives section of the Guide.

5. VDT Ordinance

The City has enacted an Ordinance affecting the purchase of Video Display Terminals (VDTs) and related products, such as chairs, wrist rests, foot rests, etc.. The Ordinance is often referred to as the VDT Ordinance, and is §§1301-1315 of the City's Health Code.

Departments are responsible for observing the provisions of the VDT Ordinance when making purchases covered by it. Key factors to keep in mind are: will the person using the equipment be performing repetitive keyboard motions? will the equipment be used for more than 4 hours per day? For more information, call Purchasing or the Department of Public Health.

6. Flammability

Certain products, such as mattresses and furniture, are be subject to flammability standards promulgated by the Bureau of Home Furnishing and Thermal Insulation, which is part of the State of California's Department of Consumer Affairs. Where the product will be used

is critical to whether the standards apply. These standards generally apply when the furniture will be used in institutions, such as jails and hospitals. It is important for the City to notify the vendor in what kind of building and where in the building the products will be used. For example, seating in inmate areas of jails is subject to the standards.

For more information, consult the California Department of Consumer Affairs, Bureau of Home Furnishing and Thermal Insulation (916-920-6951), Fire Marshal's Office, which is part of the Fire Department, or Purchasing.

D. Exemptions from Standard Procedures

Certain purchases are exempt from some or many of the City's standard procedures, or may have additional requirements imposed:

- purchases funded by grants from outside parties
- purchases by the Superior and Municipal Courts
- purchases by the Registrar related to elections

Regarding the first group, some departments receive funds from outside agencies, and the funding agreements may contain, or otherwise be subject to, restrictions or requirements on how goods or services may be procured with those funds. For example, the City receives grants from the federal government for specific purposes, and federal grants generally prohibit recipients from applying local rules which restrict competition.

Affected departments should consult with the City Attorney for more information.

E. Prohibited Purchases

Departments may not place the types of orders described in this paragraph.

1. Order Splitting

Order splitting is the separation of one large order (over \$5,000) into two or more smaller orders (under \$5,000 each). This would circumvent the Charter limit of \$5,000 on departmental purchase orders. For example, if a department needs \$6,000 worth of widgets, the department must submit a requisition to Purchasing. The department may not order \$3,000 worth of widgets one week and another \$3,000 the next.

2. Unbudgeted Equipment

If equipment has not been approved either in the annual budget, a supplemental appropriation, or a substitution, a department may not order it.

3. Chemicals

Orders for chemicals, hazardous materials, radioactives and similar items must be submitted to Purchasing on a requisition.

4. Term Contract Items from Non-contract Vendor

Use of Term Contracts concentrates the City's buying power by consolidating our purchases and promoting standardization of items. It is very important that departments order term contract items only from the Term Contract vendor. Ordering from other vendors may put the City in breach of its contract with the Term Contract vendor, and undermines the City's bargaining position for future Term Contracts.

5. Service Transactions and Construction

The Charter allows departments to order only products, not services. Construction is considered a service, and so also excluded from decentralized purchasing.

6. Lease-Purchases

Lease-purchases may not be made via a departmental purchase order.

7. TPAs and Contract Orders

The departmental purchase order procedure is limited to purchase orders only. TPAs and Contract Orders must continue to go through Purchasing.

F. Selective Purchasing Ordinances

The City has enacted several ordinances which encourage or restrict purchases of certain products. This paragraph describes some of them.

1. Mandates

a. Resource Conservation (recycled paper)

Chapter 21A of the Administrative Code is the Resource Conservation Ordinance. It encourages the City in general to purchase recycled products, and has specific requirements for:

- Recycled paper. The Ordinance requires the City to purchase recycled paper when ordering letterhead, and to purchase recycled paper to xerographic purposes if recycled paper costs no more than 20% more than virgin paper. Purchasing has established term contracts with vendors for these paper needs, and departments must order from the term contract vendors.
- Rerefined oil. The City is committed to purchasing rerefined oil if it meets the City's operational requirements, regardless of any price differential between it and virgin oil.
- Recapped tires. The City purchases recapped tires in limited situations.

For more information, departments should consult the Administrative Code or call the buyer in Purchasing who handles the particular commodity.

b. MBE/WBE/LBE Ordinance

Chapter 12D of the Administrative Code is the MBE/WBE/LBE Ordinance. The Ordinance commits departments to increasing their purchases from minority-owned and woman-owned local businesses. The Ordinance grants bid preferences of 5% to local businesses, 10% to local businesses which are MBEs or WBEs, and varying preferences to joint ventures with an MBE/WBE partner and a non-MBE/WBE partner.

Information by commodity on what vendors are MBE/WBE/LBEs is available in hardcopy form and on-line in the City's vendor file. The hardcopy information is HRC's MBE/WBE Directory of Minority and Woman-Owned Businesses. For on-line access, departments must have access to the Controller's mainframe computer. The MBE/WBE information in the vendor file is provided by HRC and updated regularly.

There are many sources of information about the MBE/WBE program: the Ordinance, its Regulations, the Human Rights Commission, and the Purchasing Department. For copies of the Ordinance of Regulations, call HRC.

2. Restrictions

One Ordinance restricts some City purchases. It is the Tropical Hardwood Ban, which is Chapter 12I of the Administrative Code. The City may not purchase tropical hardwoods or tropical hardwood products, unless an exception to this policy applies. If a department does require a tropical hardwood product which qualifies as an exception, the department may make the purchase. The department would then have to report to the Board of Supervisors on the next July 1 or January 2, describing the purchase.

1005 Selecting the Vendor Using Competitive Bidding

A. General

In City government, the preferred method of selecting a vendor is competitive bidding. For departments to fulfill their responsibility to conduct an effective bidding process, departments must:

- allow enough time to solicit bids
- be able to describe the function the item will perform
- allow maximum participation for MBE/WBEs in bidding
- allow bids on alternative brands where practical
- as a general rule, avoid unnecessary restrictions on brands and vendors

B. Developing the Bid List

The department must determine from whom to solicit bids. Potential bidders are usually drawn from the following sources:

- the current vendor
- HRC's MBE/WBE directory, and any more recent information HRC may have
- the department's knowledge of vendors used previously
- the Yellow Pages
- telephone company's Business to Business Directory
- the POPS vendor file
- buyers' knowledge in Purchasing

C. Bid Newsletter

Where practical, departments should send copies of bids to Purchasing for publication in the weekly bid newsletter. Departments should plan their purchases far enough ahead to allow for publication. The publication deadline is Tuesday afternoon for the newsletter which will be dated the next Friday. The newsletter is faxed to subscribers on Tuesday, Wednesday and Thursday nights, and mailed to subscribers on Thursdays or Fridays.

To notify Purchasing of a pending transaction, use the newsletter's Information Form, which is Exhibit 1000-6.

D. How Many Bids to Solicit

1. \$1 to \$2,500, only one bid is required. Use recommended vendor. Do phone outreach to MBE/WBEs, even at the lowest dollar levels. This will help fulfill requirements that departments make good faith efforts for all purchases. For audit purposes, remember to document which vendors you contact, whether MBE/WBEs or not.

Departments are encouraged to solicit more than one bid for purchases in this range.

2. \$2,500 to \$5,000. Departments must obtain three quotations, and they may be verbal or written. If they're verbal, department must request written confirmation from the low bidder, and may request written confirmation from anyone else. For all written communications, such as the departments' requests for bids or the bidders' responses, departments have the option to use fax or the mails. MBE/WBEs must be fairly represented among the bidders. If this cannot be accomplished, the department must document the efforts made to find MBE/WBE bidders and the results.

E. How to Solicit Bids

1. Clarity when Preparing the Order Form

As departments prepare the departmental purchase order form, which will be the basis for any bidding and will become the eventual purchase order, the following are important points to observe.

a. Missing Information

If any information the bidder will need is missing, the department either supplies the information directly or consults with the department to determine what is needed. Examples of missing information include:

- An incomplete description of the items to be ordered (for example, there is no manufacturer's name, brand name or catalog number; some options, such as color, are not specified).
- No sample is attached for specially designed items (e.g., badges, decals, clothing).
- Incomplete delivery instructions for heavy or bulky items. Purchasing and bidders need to know if: there is a receiving dock; the delivery point is up two flights of stairs; there is elevator access.
- Conflict between model number and description.
- Optional equipment, which either must be or usually is specified, is missing.

b. "Or Acceptable Equal"

A key part of facilitating competition is avoidance of restricting a bid item to a particular brand. In certain situations, requiring a particular brand is appropriate, such as a justified proprietary purchase. But in more general circumstances, the City is interested in any product which meets our needs.

In general, when a brand name is used, the goal is to set a standard of quality. The order should list the specifications necessary to describe the City's needs, but not in so much detail that it would restrict competition.

The department should write "or acceptable equal" next to the brand name description. If the department believes that only one brand is acceptable, then the department must document the reasons why bidding is thus restricted.

c. Quantity

The quantity should be written out in full if the unit is each, foot, yard, etc., but when the unit is dozen, the number of dozens will be the quantity. If there is a risk that the

exact quantity could be misunderstood, then the department adds necessary information in the "Description" or "Unit" column. For example, when a product is priced per bottle of 500, the quantity will be the number of bottles. If the requestor has used "ea" in the Unit column, then the department adds "bottle of 500" in the Description area. Or if the requestor has used "bottle" or "btl" in the Unit column, the department adds "/500" to the Unit column.

d. Unit

The department should use one of the Unit Designations shown in Exhibit 400-12 in the Guide. Units are usually self-explanatory, such as ea, yd, ft, dz, etc. If the purchase has a unit which might be misunderstood, such as hd for hundred or mx for thousand, the department should write out the total quantity in the Description area. For example, if the order is for 10 HD (ten hundredweight) of something, the it is advisable to write "(1,000 pounds)" in the Description area.

2. Telephone Bids

Departments may call bidders and describe the order over the phone. Vendors may give prices on the spot or may call back later. The bids should be noted on a worksheet, which could be a copy of the departmental purchase order form. At this point in the process, the departmental PO would have line item descriptions on it, but would not have the name of the vendor.

The major advantage of using the phone is speed. The major disadvantage is the risk of miscommunication because the bidder does not have a written description of the order.

For bids below \$2,500, departments are encouraged to obtain, from the low bidder only, written (including fax) confirmation of the bid. For bids over \$2,500, departments must obtain written confirmation from the low bidder. The confirmation may be based on a City Quotation form, based on the Departmental Purchase Order form, or any document the vendor chooses to submit.

To keep a record of telephone bids, Purchasing recommends that departments use the Telephone Quotation form, form P-142, which appears as Exhibit 1000-7. The form is available on disk from Purchasing.

3. Written Quotation Form

Departments may use written quotation forms instead of the telephone to solicit bids. The form is created by making a photocopy of the early version of the departmental purchase order form, and masking over the title ("Departmental Purchase Order") with "Quotation." This masking is critical; otherwise, the vendor may think the department has sent a purchase order instead of a bid request. The bidder will complete the right-hand side of the form by filling in bid prices in the line-item area.

If the City needs the bidder to complete a form (either the Business Tax Declaration, form P-25, or the MBE/WBE/LBE Compliance Declaration, HRC Form 3), the department should consider sending a written quotation form, instead of using the phone. The required form would be sent along with the quotation.

F. Bid Evaluation

1. General

The department awards the order to the lowest responsive, responsible bidder. A responsive bidder is one who has agreed to the meet the bid's specifications, both technical

(the description of the item) and the commercial (e.g., delivery date). A responsible bidder is one who has the prospective ability to fill the order.

2. Calculating Low Bid, with MBE/WBE Preference

The following is a sample bid calculation involving an MBE, an LBE and a noncertified vendor:

	<u>Vendor 1</u>	<u>Vendor 2</u>	<u>Vendor 3</u>
Status	LBE	MBE	Not Certified
Bid Price	\$ 1,000	\$ 1,100	\$ 1,000
Less Preference	(5%) 50	(10%) 110	(0%) 0
Adjusted bid	\$ 950	\$ 990	\$ 1,000

Based on the preference, Vendor 1 is the low bidder and would receive the award.

In determining whether the MBE/WBE preference applies, the department must consider if a bidder has been determined by HRC to be a broker, and if so, whether the broker receives the preference for the particular commodity being bid.

3. Consideration of Payment Terms

If a vendor offers payment terms (a discount for paying the invoice promptly), the City may consider them if they are for at least 30 days, e.g., 2%, 30, net 31. In that example, the vendor is offering a 2% discount if the City pays the invoice within 30 days, and the vendor wants full payment within 31 days. The City uses a minimum 30-day discount period to avoid having to consider discount periods so short (5 or 10 days) that it is unlikely that the invoice would be paid within the time specified. Thus, the City would lose the discount and might end up paying more than another vendor would have charged.

G. Aggregate Awards

1. Definition

An aggregate award is one where several items are awarded to one bidder rather than to several, and the awardee is not the low bidder for each item. Aggregate awards are important because they are an exception to the general rule of awarding to the low bidder of each line item.

Whether to aggregate is a question to judgment. The City will pay more for certain items, but procurement will be simplified because fewer separate contracts will be awarded.

2. Bid Condition

The bid may state that the City either will or may award some or all items on an aggregate basis. If this bid condition is not present, the City may not use aggregation as a reason not to award to the low bidder.

3. Reasons to Aggregate

Reasons to make an aggregate award include:

- a. Saving will result from acceptance of "all or none" bid.

- b. It will reduce the number of purchase orders and/or give low aggregate bidder a reasonable order. Consideration should be given to low bid when there is considerable difference in price or the value of the item may deprive the bidder of a sizeable order.
- c. The convenience of having a single source of supply under a term contract is more important than a small saving from a split award.
- d. It is important to obtain appurtenances of the same make as the principal article in the bid.
- e. It would be unfair to force a bidder to deliver a small order resulting from a split award, e.g., small orders of lumber, deliveries to Moccasin, etc.
- f. Transportation charge is for City's account and it is advantageous to consolidate shipments.
- g. A split award would cause a significant sacrifice in appearance.

4. Calculating Low Aggregate Bidder

Critical to the calculation is the consideration of estimated quantities. Purchasing does not simply compare unit prices or the total of unit prices. Consider the following example:

<u>Line Item</u>	<u>Quantity</u>	<u>Bidder A</u>		<u>Bidder B</u>	
		<u>Unit</u>	<u>Extended</u>	<u>Unit</u>	<u>Extended</u>
1	100	\$10	\$1,000	\$ 9	\$ 900
2	10	20	200	25	250
3	500	<u>5</u>	<u>2,500</u>	<u>4</u>	<u>2,000</u>
Total		\$35	\$3,700	\$38	\$3,150

Note that if the unit prices were added, Bidder A would be considered low, but that result is misleading. Based on extended prices, Bidder B is low and would receive an aggregate award for the three items.

If Purchasing were making a split award, Bidder A would be awarded item 2 and Bidder B items 1 and 3.

H. Accepting a Non-low Bid

It is the City's strong policy to award a contract to the responsible bidder who submitted the lowest responsive bid. The City may, however, award to a non-low bidder in unusual situations if it is in the City's best interests to do so. Such awards must be documented.

If the non-low bidder selected is not an MBE/WBE and the low bidder was an MBE/WBE, or the Ordinance has not been waived by HRC, keep a record of the circumstances in the file.

1006 Vendor Selection not Using Competitive Bidding

There are only two types of purchase departments may place if competitive bidding will not be used. They are: a single-quote purchase below \$2,500; and (2) ordering from a term contract already established by Purchasing.

A. Orders below \$2,500

As noted in Sec. 1005.D.1 above, departments are encouraged, but not required, to solicit bids for orders below \$2,500.

B. Ordering Term Contract Items

Departments may use the departmental purchase order to order up to \$5,000 of term contract items from the term contract vendor. Term contract items may be ordered only from the term contract vendor.

Purchasing has developed almost 200 term contracts for the products and services the City uses most. With these contracts, Purchasing solicits bids based on the estimated usage by all of City government. When signing a term contract, generally the City is promising the vendor that we will buy all our requirements of a particular product from only that vendor for the term of the contract. This means that departments, both before and after decentralization, must use term contract vendors for term contract items.

The list of term contracts is Appendix A in the Guide.

1007 Emergencies and Rush Orders

If an emergency situation exists (see Admin. Code §21.25), several procedures, but not all, may be bypassed. The department need not verify a vendor's Business Tax or MBE/WBE/LBE Compliance Declaration status. The requirement to seek three bids for orders over \$5,000, however, still applies, but written confirmation from the low bidder is not required.

The term "rush order" is informal, and used here to indicate only a situation where the department does not have the time to submit the DPO to the Controller for encumbrance. For a rush order of any amount, all other procedures are the same as for non-rush orders.

To encumber funds for emergency or rush orders, departments call the Controller, describe the emergency, and have the funds encumbered over the phone, noting the name of the Controller's representative spoken to. When funds are encumbered, the department may call the vendor and authorize the vendor to proceed. The purchase order is produced normally and copies submitted to the Controller, but the department includes a memo to the Controller describing the earlier encumbrance.

1008 Other Purchases Must Go through Purchasing

Except for single-quote orders below \$2,500, competitively bid orders and term contract orders, all other purchases below \$5,000 must be submitted to Purchasing.

1009 Required Forms

There is one form, the MBE/WBE Compliance Declaration (HRC Form 3) which must be on file with the City before a department issues a departmental purchase order. There is a second form, the Business Tax Declaration (form P-25), which, as a practical matter, is almost a requirement for vendors located outside San Francisco, but if the form is not on file, the department must document why not.

A. MBE/WBE Compliance Declaration

The City may do business only with vendors who have signed HRC Form 3, the Compliance Declaration required by the MBE/WBE Ordinance. By signing the form, the vendor agrees to comply with Chapter 12D of the Admin. Code (Minority, Women and Local Business Enterprises) and Chapter 12B (Nondiscrimination in Contracts).

A vendor may not amend the Declaration before signing it. If that happens, the department must consult with the City Attorney's Office immediately, and not place the order until directed to do so by that office.

The form is not required if the City seeks to do business with another governmental entity, such as the Federal government, the State of California, or local agencies.

If the vendor declines to sign the form, the vendor cannot receive City business except in case of an emergency.

The form appears as Exhibit 1000-8. Departments can obtain from Purchasing a supply of the form, which would not have the Exhibit's heading and page numbering.

B. Business Tax

If a vendor does business in San Francisco, it must register with the Tax Collector, unless an exception applies. Departments must determine if a vendor must register with the Tax Collector, and if so, whether it has. To do this, departments should consult the on-line vendor file, or the vendor report which Purchasing distributes to each department when the department receives Purchasing's authorization for decentralized procurement.

If a vendor has not registered with the Tax Collector and has not completed a Business Tax Declaration (form P-25), the department must send the vendor a form and have the vendor complete and return it. In rare situations, a department may experience difficulty in getting the vendor to complete the form. If that happens, the department may place the order only if the department can document that the department believes the vendor does not do business in San Francisco. The department must document its conclusion that vendor does not meet any of the standards embodied in Questions 1-4 on the Business Tax Declaration.

The form appears as Exhibit 1000-9. Departments can obtain from Purchasing a supply of the form, which would not have the Exhibit's heading and page numbering.

1010 The Departmental Purchase Order Form

A. General

A new Departmental Purchase Order (form P-800) has been developed. It is a single-sheet form, with accounting, line item and delivery information on the front and Purchase Order Terms and Conditions on the back. The new form appears as Exhibit 1000-10.

B. What the \$5,000 Limit Includes and Excludes

The \$5,000 limit for departmental purchase orders includes the price of the items purchased. It excludes the following:

1. Sales or Use Tax

Sales or use tax is excluded. These taxes may vary from time to time and from county to county. See page 10-22.

2. Shipping Costs

When a bidder submits a bid, and when the City places an order, the costs for shipping the order to the City are usually not known. The greatest inconvenience to the City is to receive a separate bill for shipping from a common carrier. This means two checks, not one, will be needed to pay for the order.

Shipping costs may be handled in any of the following ways, in order of decreasing preference:

- Vendor includes shipping in the cost of the item. There would be no separate shipping charges or shipping bill. If possible, departments should make this condition part of the bid. The designation "F.O.B. Destination" on the purchase order form means: the vendor pays for shipping; title to the goods passes when they arrive at their destination; the vendor bears the risk of loss during shipping and must file a claim with the carrier for any damage.
- Vendor prepays shipping charges and adds them to the invoice. This means that the City will receive only one invoice and have to write only one check. The vendor may offer the goods "F.O.B. Destination, Freight Prepaid and Allowed." This means the vendor will prepay the shipping charges and the City will reimburse the vendor for them.
- Vendor does not pay shipping charges. Shipper sends a separate invoice. If this happens, the department should submit a Direct Payment Voucher for the shipping charges.
- Vendor does not pay shipping charges. Shipper requests payment of shipping charges at the time of delivery. This arrangement is unusual, and should be avoided if at all possible.

C. How to Fill Out the Form

The department prepares the Departmental PO form, and makes and distributes copies as described in Section 1011 below. To create a written quotation form, see section 1005E.3 above.

Almost every area of the form is numbered. The areas are filled in as follows:

1. Title Area

No information is added here.

2. Departmental P.O. No.

The Departmental Purchase Order number is a nine-character alphanumeric, in the format XP nn-nnnnn. In FAMIS, the DPO has a two-character prefix, "XP," which has been printed in this area of the form. After the XP, the first two digits are the department number, the third digit (the first one after the hyphen) is the fiscal year, and the last four digits are any number, though we recommend using sequential numbers. For Purchasing, the first departmental P.O. number issued in FY 93-94 would be:

XP 91-30001

Because the form has only the XP already printed, departments are responsible for maintaining a register of numbers. The numbers must be unique within the Departmental P.O. series. A Departmental P.O. number can be the same as an RPO number, however, because the forms are different.

3. Deliver To

Enter the location where the item(s) will be delivered. Include the floor and room number if an office delivery is required.

4. Invoice To (3 Copies with P.O. #):

Enter the mailing address where the vendor will mail the invoice, in triplicate. If this is the same as the "Deliver To" address, enter the same information in both boxes.

5. Department Name

Enter the department's name.

6. Originated By, Tel. No.

Enter the name, the department unit and telephone number of the person originating the form. If this is the same person whose name will appear in Box 14, you may leave this box blank.

7. Dept./Div./Sec.

If the order is from a department's division, section, bureau, etc., that sub-part's name is entered here.

8. Fund Group/Fund

Enter the number provided by the Controller's instructions in the Departmental Accounting System Manual.

9. Fiscal Period

For orders submitted late in the fiscal year, enter the fiscal year applicable to the purchase.

10. MBE/WBE/LBE Ref.

This box is available for any MBE/WBE/LBE information the department may wish to enter.

11. P.O. Date

Enter the date the form is completed.

12. Dept. Control No.

The department may use this area for any internal numbering system used to monitor orders. It is for the department's internal use only.

13. Dept. Account No.

This area is also available for the department's internal use.

14. Refer Questions To:

Enter the name and number of the person the vendor should call if there are any questions about the order.

[] Rec'd

This area is unnumbered. It is for departments' use to monitor the receipt of the order. The blanks should be used to keep track of how much of the order has arrived.

This area is for departments' use only. When the department submits the MRR copy of the form to the Controller to authorize payment of the invoice, Controller will pay the total amount of the invoice unless the department requests otherwise. For example, Controller will not check this receiving area to verify that the department has received all the items ordered.

15. Item No.

If the item is covered under a Term Contract, enter the Term Contract item number. This will enable the vendor to identify the items as contract items and verify that the department has entered the established term contract prices in area 20.

Otherwise, number the items sequentially (1, 2, 3, etc.).

16. Quantity/Unit

Enter the quantity of each item ordered and designate the unit in which it is to be purchased. Use an abbreviation for the unit. See Exhibit 400-12 for the unit designation list.

17. Commodity Code No., Equip. Budget No.

Enter the Commodity Code if you know what it is. If equipment is being requested, enter the Equipment Budget Number which was assigned to the item during the budget process. If equipment was designated as "replacement" equipment in the budget process, indicate "Y"; if designated "new," indicate "Z."

18. Description

Enter a description of each item. If the item is covered by a Term Contract, use the description the Term Contract uses. Otherwise, use a generic name, followed by a brief description, and ending with a brand name and part or model number.

Indicate the items per unit if you are ordering other than a single unit. For example, if you need 12 widgets and they are sold in crates of 12, indicate "1 box widgets, 12/box."

Add the phrase "furnish, deliver and install" if the equipment should be uncrated and installed.

19. Manufacturer or Brand and Number

Enter the manufacturer's name and the brand and model number of the items.

20. Unit/Price

Enter the unit that the vendor sells the product (most often, this will be the same unit as the department put in area 16) and the price per unit of the bidder receiving the order.

21. Extension or Lot Price Per Line Item

Multiply the unit price times the quantity (box 16) and enter the total price of the line item here.

22. Task

This area is available for your use.

23. Batch Identification

This area is used by the Controller.

24-29: If you are using the DPO to create a quotation, leave these areas blank so that the bidders may fill them in. After all bids are received and award has been made, or if the DPO has not been used for a quotation, fill in the boxes as follows:

24. Total of Addendum(s)

If you have used additional pages of the RPO Addendum, supply the total price of all items on the additional pages. Although the RPO Addendum was designed as a continuation of the Requisition form, it can be used as a continuation for the Department PO form as well.

25. Total of This Page

Enter the total price of all items on this page.

26. Gross Discount

If the vendor offers a percentage or other discount off the prices listed in boxes 20 and 21, enter the dollar amount of the discount here.

27. Gross Total

Add box 24 and box 25, subtract box 26 if there is a discount, and enter the result here. This total cannot exceed \$5,000. With sales tax and possible destination charges, the total amount of the order may exceed \$5,000.

The City makes every effort to designate orders "F.O.B. DESTINATION," which means that the vendor will be responsible for paying shipping charges and for risk of loss during shipping. This generally means that the vendor will include shipping charges in the unit price.

28. Sales Tax

Enter the sales tax here, based on the taxable portion of box 27. The following is a brief and general description of how sales tax applies to decentralized purchases. Almost everything presented below is subject to exceptions. For more information on what is taxable and what is not, consult your department's head accountant.

The sales tax rate depends on where the goods will be delivered. As of July 1, 1994, the tax rate for items delivered within San Francisco is 8.5%. Other areas where City departments might have goods delivered include: Millbrae and Sunol (the Water Dept.), S.F. International Airport, Moccasin (Hetch Hetchy).

If the vendor does not charge sales tax, the Controller will accrue a use tax (at the same rate as the sales tax) and remit it to the state.

Sales tax applies to purchases of products, but not to services. Many products are exempt from sales tax, including:

- Custom computer programs. Off-the-shelf computer programs are taxable.
- Food products for human consumption (with exceptions such as certain beverages, medicines, dietary supplements, or sold for consumption on the premises).

- Newspapers and periodicals distributed without charge. Periodicals sold by subscription and delivered by mail or common carrier.
- Certain medicines for human use. This area is subject to many specific regulations. In general, medicines do not include auditory, prosthetic, ophthalmic or ocular device or appliance, articles in the nature of splints, bandages, pads, compressed, supports, dressings, instruments, apparatus, or other medical equipment of any alcoholic beverage. Medicines includes bone screws, bone pins, pacemakers, orthotic devices other than orthodontic devices designed to be worn on the user as a brace, support or correction of body structure; hemodialysis products; prescription wheelchairs, crutches, canes and walkers, as well as vehicles for physically handicapped persons.
- Items purchased for resale.

Maintenance contracts are taxable when they are required to be purchased from the seller as a mandatory condition of the sale. They are not taxable when they are optional. For lump-sum optional maintenance contracts, the maintenance provider is regarded as the consumer of parts and materials furnished.

29. Total

Enter the total amount of the order. This may differ from the amount of the vendor's eventual invoice, depending on shipping, over- or undershipments, and other factors.

30. Ln. No.

This area is used by the Controller.

31. Trans. Code

Enter "2600."

32-34: These areas are used by the Controller.

35. Subsidiary Account

Complete this area if the order is for equipment. Otherwise, leave blank.

36. Vendor Number

You must put the vendor number on the form if the vendor has been assigned a number by the City. Sources of information include: Purchasing's Business Tax Report; the POPS system; calling Purchasing at 554-6916.

Before you call Purchasing, please obtain the following information from the vendor. This will allow Purchasing to search the vendor file more effectively:

- Vendor name
- Addresses: purchase order address (where you will mail the DPO); invoice address (where Controller will mail the check)
- Federal employer ID number

If you submit the DPO without the vendor number, processing will be delayed, perhaps by several days, while the Controller determines what the number is and adds it onto the form, or else calls Purchasing to have a vendor number assigned.

37. Index Code

Enter the appropriate Index Code. See the Departmental Accounting System Manual.

38. Subobject

Enter the appropriate subobject, which describes the type of purchase. See the Departmental Accounting System Manual.

39. Project

This area is available for departments' internal use.

40. Work Phase

This area is available for departments' internal use.

41. Dept. Info.

This area is available for departments' internal use.

42. Amount

This area is used by the Controller.

Authorization and Encumbrance Area

43. In this box, generally two department officials sign. The first person can be anyone in the department, such as the person who initiated the order. That person dates the form and signs on the "Authorized By" line. The department head, or designee, signs the "Dept Head" line, and this person must be the department head or someone officially authorized by the department to place decentralized purchase orders. The designee must have an appropriate signature card on file with the Controller.

44. After funds are certified, the Controller's Office puts its certification stamp in this box.

Material Received Report Area

45. Generally, two signatures are required, those of the employee receiving the goods and the department head or designee. The designee must have an appropriate signature card on file with the Controller.

To approve the invoice for payment, the department head or designee fills in the approved invoice amount in the "Payment Amount" area, signs on the "Dept. Head" line. This amount will be the amount of the check you want the Controller to send to the vendor. This may differ from the invoice because of overshipments, undershipments, or problems in charging sales tax. As this Chapter 1000 is being written, Purchasing is preparing to revise Chapter 400, "The Requisition for Purchase Order," to reflect the decentralization of invoice functions for all City purchase orders. As part of that revision, significant new information will be added on invoice adjustments and on sales tax. For more information, consult Chapter 400 after it is revised, and the following memos from the Controller: June 14, 1993, re: Verification and Accrual of Sales/Use Tax; and June 23, 1992, re: Payment of Sales Tax to Out-of-State Vendors.

Table 1

Preparation and Distribution of the Departmental Purchase Order

		<u>Steps in a DPO Transaction, and How the Form Is Distributed</u>			
<u>Ply</u>	<u>Title</u>	<u>A</u> Department: <u>Preparation</u> <u>of the Form</u>	<u>B</u> Controller: <u>Encumbering</u> <u>the Funds</u>	<u>C</u> Department: <u>Mailing PO,</u> <u>Receiving the</u> <u>Shipment</u>	<u>D</u> Controller: <u>Paying</u> <u>the Invoice</u>
1	Controller	→	retained		
2	Vendor	→	→	to vendor	
3	Department	→	→	retained	
4	Purchasing	→	to Purchasing		
5	MRR	→	→	→	retained
6	Department	retained		discarded	

Note: The DPO is a one-page form, and departments make photocopies. As a result, the separate copies do not have the identifying ply numbers and titles indicated above.

Generally, the City only pays invoices for complete shipments, and so if the vendor has sent more than one invoice for the shipment, you should wait until all invoices have been received before submitting the MRR copy of the form. If you want the Controller to pay an invoice for a partial shipment, attach a memo to that effect.

46. This area is used by the Controller when reviewing the invoice for payment. The Controller will enter the actual amount paid.

47. Vendor Name Area

In this box, enter the name and address of the vendor receiving the award. On the "Delivery Date" line, enter the date you and the vendor have agreed the order should arrive.

Use the "Special Instructions" lines for any additional information the vendor would need. For example, if you want the order delivered to the third floor of a building, indicate "order must be delivered to room 301, third floor" and indicate if there is an elevator.

1011 Preparation and Distribution of the Departmental P.O. Form; Encumbering the Funds

Table 1 at the top of this page shows which copies of the DPO form are distributed to which office, and when. The paragraphs below correspond to the steps A through D shown in the table. Paragraph E does not have a corresponding column in the table. As the table's Note indicates, the separate copies of the form do not have the identifying numbers and titles used in the table.

A. Department Prepares the DPO Form

The department has the original (ply 1) signed by the requestor and the department head or designee. The department then make five copies of the original, retains ply 6, and sends plies 1-5 to the Controller.

B. Controller Encumbers the Funds

The Controller certifies that funds have been encumbered, applies a certification stamp to plies 1-5, returns plies 2, 3 and 5 to the department, and sends ply 4 to Purchasing.

C. Department Mails DPO to Vendor, Receives Shipment, Approves MRR and Invoice

The department sends ply 2 to the vendor. (The department would probably discard ply 6 when the other plies arrive from the Controller.) When the invoice (in triplicate) is received and the shipment is complete, the department signs each invoice to indicate approval, completes the MRR, and sends the MRR and two copies of the invoice to the Controller, keeping one approved invoice as the file copy.

D. Controller Pays the Invoice

The Controller reviews the MRR and invoices, approves the transaction if everything is in order, and sends the vendor one copy of the invoice along with the check.

E. Whether to Send the Purchase Order to the Vendor

The purchase order must be mailed to vendor if order exceeds \$2,500. For orders of \$2,500 and below, the department has the option to mail the order to the vendor, or not. Reasons to send the form include: complicated specifications which could be miscommunicated over the phone; a City sample must be submitted to the vendor, such as artwork that will be printed; the vendor requires a hardcopy.

1012 Receiving the Shipment and Paying the Invoice; Prompt Payment

A. General

Receipt procedures are the same as for purchase orders, with two exceptions. See Chapter 400. The first exception is that the vendor mails the invoice in triplicate directly to the department rather than to Purchasing. The second is that after the invoice is approved by the department, the department sends the MRR and two approved copies of the invoice directly to the Controller, retaining one copy of the invoice.

The DPO instructs vendors to put the purchase order number on the invoice. If the vendor fails to do this, departments should write the number on the invoices before sending them and the MRR to the Controller.

B. Prompt Payment Discount

Departments must be aware of any prompt payment discount offered by a vendor. The prompt payment terms should have been noted in the DPO, and vendors put them in their invoices. Departments should process the MRR and invoices quickly so that the Controller can pay the invoice within the discount period. If the discount is significant, or the time left to take the discount is short, or both, please highlight the transaction and the discount when you send the MRR and invoices to the Controller.

C. Prompt Payment and the MBE/WBE/LBE Ordinance

The MBE/WBE/LBE Ordinance establishes a policy for paying invoices from MBE/WBEs promptly. It is to the City's advantage to pay all invoices in a timely manner, but the City has made an additional commitment for MBE/WBEs.

D. Review by the Controller

The Controller reviews the approved MRR and the invoices, and compares them to the original purchase order. If the transaction is in order, the Controller prepares a check and mails the check and one copy of the invoice to the vendor. If the invoice varies from the original purchase order, the Controller will rely on the department's approval signature on the MRR as evidence that the department is satisfied with the order.

E. Credit Hold

It is imperative that problems or disputes between departments and vendors be resolved, and invoices paid, expeditiously. If a vendor believes that a customer (the City) is unjustifiably delaying paying a bill (or, more likely, several bills), the vendor may put the City on "credit hold," which means the vendor will not sell the City any more products until the outstanding invoices are paid. This could have widespread, bad repercussions on City government. One department, through inaction, could prevent many other departments from ordering and receiving needed goods.

1013 How to Cancel an Order

A. Reasons

If you need to cancel an order after you have mailed it to the vendor, certain steps must be taken quickly. Reasons to cancel an order include:

- the item is no longer needed;
- your requirements have changed;
- the vendor fails to perform;
- the vendor cannot meet the required delivery date.

It should be noted that once you have placed an order with a vendor, the City has entered into a legally binding contract. Our options on cancelling the contract are limited, and they may depend in large part on the good will of the vendor.

Most of this information also applies to a situation where you wish to reduce the quantities ordered.

B. Notify the Vendor Immediately

Call the vendor. If the vendor has not begun processing the order, there will probably be no cancellation charge. The farther along in the process, however, the greater the likelihood of a cancellation charge. If the order has been shipped, or if you have already received it, the vendor may assess a restocking charge, and restocking charges can be as high as 100%. Depending on the amount of the restocking charge, you may decide to go ahead with the original order rather than cancelling it.

If you cannot reach the right person at the vendor, fax a letter to that person's attention cancelling the order.

Write down whom you spoke to, the date, and what was agreed to. Fax a confirming letter to that person describing the agreement.

C. Complete the "Request for Cancellation of Purchase Order" Form

If there will be no cancellation charge, complete a "Request for Cancellation of Purchase Order" form. The form is currently designated "Acc'ting Div. F-3820," but will be revised soon. The areas on the form are self-explanatory. Send the original of the form to the Controller, and keep either or both of the copies.

D. If the Shipment Arrives

If the entire order has been cancelled, refuse the shipment. The carrier will return it to the vendor. If the order has been reduced, rather than cancelled, accept the shipment, because you will need to count the items you received and return the extras separately. For information on returning items to a vendor, see ¶409.D.2 in Chapter 400.

E. How to Process the Invoice

If there will be no cancellation charge, and so no cost to the City, you will probably not receive an invoice (it may have been part of the shipment which you refused). If you do receive an invoice, return it to the vendor with a notation like "Order cancelled at no charge, per phone call of [date of the call] between [person in your department] and [vendor's employee]." Do not send the invoice to the Controller.

If there is a cancellation charge but it does not show on the invoice (and most often it will not), write on the invoice something like, "Order cancelled per phone call of [date of the call] between [person in your department] and [vendor's employee]. Cancellation charge \$ ____." Then send the invoice and MRR to the Controller. On the MRR, put the same notation you put on the invoice, and write the cancellation charge in the "Approved Amt" area in Box 45.

1014 Filing

Departments must retain complete files of departmental purchase order transactions for five years, or longer if they wish. Reasons to retain records include: auditing (by City or external auditors); claims by or against the City. The files must include:

- purchase order form
- invoice
- bids received
- record of telephone bids
- notation of review of vendor's Business Tax status and that vendor has submitted MBE/WBE Compliance Declaration
- correspondence

1015 Systems Development; Producing the DPO and Transmitting Procurement Information to Purchasing

The following two methods are under development.

A. Using POPS

The Purchasing On-Line Procurement System (POPS) is the electronic bid and purchase order system developed by Purchasing, and now in use at the Airport. After a department processes an order through POPS, the order will be encumbered and the purchase order printed centrally. Purchasing will distribute departmental purchase orders after they are printed.

B. Purchase Order System Template

A template, developed by Purchasing, is essentially a simplified database program which departments would use to enter their orders into a PC. The system would print the departmental

purchase order and accumulate transaction data. The department sends the printed PO to Controller's for encumbrance. Once approved and returned to department, the PO is sent to the vendor.

On a regular basis, departments would send the transaction data to Purchasing.

1016 Updates to Procedures

Purchasing will submit updates to these procedures as appropriate. Rather than having each department agree to each update separately, Purchasing and the auditors will assume that departments, by continuing to issue their own purchase orders, agree to the updated procedures.

Although Purchasing will use best efforts to transmit information promptly to departments, departments are responsible for being aware of any changes to federal, state or local laws which affect the procurement process.

1017 Submitting Orders to Purchasing

Departments, at their option, may do any of the following at any time:

- not use decentralized purchasing at all, and continue to send all their purchases below \$5,000 to Purchasing by submitting Requisitions;
- use decentralized purchasing for all their purchases below \$5,000; or,
- handle some orders below \$5,000 by decentralized purchasing and send the balance to Purchasing.

Departments should not submit Departmental Purchase Orders to Purchasing. If a department begins to handle a transaction on the DPO, but then changes its mind and wishes Purchasing to handle the purchase, the department must cancel the transaction with the vendor (if the purchase has gone that far), and submit a Requisition to Purchasing.

1018 MBE/WBE/LBE Ordinance

Departments are required to designate a staff member to be the liaison to HRC for the MBE/WBE program. This person is responsible for on-going contact for updating information and procedures.

1019 Sunshine Ordinance

Provisions of the Sunshine Ordinance specifically address procurement transactions. All bids become available after a contract is awarded, and certain information provided by losing bidders is not disclosable. Purchasing includes the following provision in its bids and purchase orders, and it also appears as ¶9 in the Terms and Conditions of the Departmental Purchase Order:

“Contracts, contractors’ bids, responses to request for proposals and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person’s or organization’s net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.”

If a department uses the Departmental Purchase Order to create a Quotation form, it is important that the DPO’s Terms and Conditions appear on the reverse of the form.

For more information, consult with the City Attorney’s Office.

1020 Audits

City and outside auditors, from time to time, will audit departments' compliance with these procedures. Departments will cooperate fully in such audits.

1021 Violation of Procedures

If a department violates these procedures, Purchasing, in its discretion, may rescind the department's authorization to place purchase orders.

1022 Inventory

This subject is included as a reminder to departments, and is not related to departmental purchase orders. Departments must continue to submit annual reports of their inventories to the Controller. Regarding equipment, departments are responsible for affixing inventory tags to equipment. (See Chapter 800 of the Guide.)

If equipment was lease-purchased, it may not be sold without the advance written approval of the lessor (in many cases, CCSF Finance Corp.).

1023 Legal Advice on Procurement Issues

A. Seeking Advice from the City Attorney's Office

If you have a legal question regarding a purchase, contact the Deputy City Attorney assigned to your department.

B. Records of City Attorney Advice

Purchasing keeps a historical file of City Attorney opinions, memos and other advice on procurement issues. The files include an informal subject index, which is available as a word processing document. You are welcome to consult Purchasing's files as the need arises.

If you receive written advice from the City Attorney on a procurement matter, send a copy of the document to Purchasing. Purchasing will determine whether it should be included in our files.

1024 Reports to the Board

As noted in Sec. 1004F.2 above, if a department purchases tropical hardwood products, the purchase must file semi-annual reports to the Board, due January 2 and July 1, describing purchases made during the preceding six months. If no purchases occurred, no report is required.

1000-1: Overview of Departmental Purchase Order Procedures

Item	Major Processing Activity	Required by	Source of Information or Activity	Other Information, ¶ References
1.	Identify potential sources, including MBE/WBE/LBEs. Departments are encouraged to use these vendors.	MBE/WBE/LBE Ord.	Computer: Vendor File Manual: HRC's <u>MBE/WBE Directory</u> Phone: Purchasing (general); HRC (MBE/WBE)	Consult Appendix A in the Guide to determine if the item is already on a Term Contract. Chemicals may be ordered only if they are on a Term Contract. See ¶1005B.
2.	Minimum of one quote from one vendor	Admin. Code §21.18	Vendors	Only for purchases below \$2,500. See ¶1006A.
3.	Competitive Bid. Develop bid list, with minimum of 3 bidders. Award to low responsive bidder.	Admin. Code §21.5, Purchasing	Vendors. See #1 for sources.	Bids are required > \$2,500 (except for Term Contract items), and recommended for purchases ≤ \$2,500. See ¶1006B.
4.	Verify that selected vendor has Business Tax clearance. If Business Tax Declaration form is not on file, have the vendor complete it and submit it to Purchasing.	Admin. Code §21.4-1	Computer: Vendor File Phone: Purchasing, 4-6916, Tax Collector Manual: Vendor report	Business Tax Declaration is form P-25, and available from Purchasing. See ¶1008B.
5.	Verify that vendor's MBE/WBE Declaration form is on file. If not, have the vendor complete it and submit it to Purchasing.	MBE/WBE/LBE Ord.	Computer: Vendor File Phone: Purchasing, 4-6916 Manual: Vendor report	MBE/WBE Compliance Declaration is HRC Form 3, and available from Purchasing or HRC. See ¶1008A.
6.	Determine the vendor number and put it on the Departmental Purchase Order form.	Purchasing, Controller	Computer: Vendor file Phone: Purchasing, 4-6916 Manual: Vendor report	If you cannot determine what the vendor # is, obtain following info from vendor and call Purchasing: Vendor name, addresses (PO and invoice), federal ID number. See ¶1011C, Box 36.
7.	Prepare and encumber the Departmental Purchase Order. Submit the original and 4 copies of the form to the Controller.	Charter §7.100	Controller	Currently, this is done via a one-page form. Other methods (POPS or a PC template) are under consideration. See ¶1011D.
8.	Mail or fax PO to the Vendor after encumbered copy is received.	Charter §7.100	Department	Optional below \$2,500. Required over \$2,500. See ¶1011E.
9.	Receive invoice, complete MRR. Send MRR and two copies of invoice directly to Controller.	Purchasing, Controller	Department	See ¶1012A.
10.	Maintain records of all activity for 5 years for audit.	Purchasing, Controller	Department	See ¶1014.
11.	Submit transaction data to Purchasing	Purchasing	Department, by sending extra copy of DPO to Controller, who in turn sends that copy to Purchasing.	See ¶1015.

1000-2: Matrix of Decentralized Signature Authority

<u>Amount</u>	<u>Revolving Fund</u>	<u>OMP</u>	<u>TPA</u>	<u>Departmental Purchase Order</u>			<u>Other</u>
				<u>One Quote</u>	<u>Departmental Bid</u>	<u>Term Contract Item</u>	
0 to 1,000	≤200	OK	OK	OK	OK		
1,000 to 2,500			OK	OK	OK		
2,500 to 5,000				OK	OK		
5,000 +							

1993-1994

FORM 730 AND INSTRUCTIONS

STATEMENT OF ECONOMIC INTERESTS FOR DESIGNATED EMPLOYEES

IF YOU ARE AN OFFICIAL OR EMPLOYEE WHOSE POSITION IS DESIGNATED IN
A CONFLICT OF INTEREST CODE, USE THE FORM 730 TO FILE:

- ASSUMING OFFICE STATEMENT
- ANNUAL STATEMENT
- LEAVING OFFICE STATEMENT
- INITIAL STATEMENT
- CANDIDATE STATEMENT

Prepared by the
Fair Political Practices Commission, P.O. Box 807, Sacramento, CA 95812
Phone: (916) 322-5662

Acknowledgment

In connection with assuming responsibility for exercising signature authorization as delegated by the Purchaser, I have read and am familiar with the following:

- City Charter §8.105, "Conflict of Interest and Other Prohibited Practices."
- The Purchasing Department's Conflict of Interest Code, which notes which positions in the Department must complete Form 730, "Statement of Economic Interests."
- The National Association of Purchasing Management's "Principles and Standards of Purchasing Practice."

I will exercise signature authority in accordance with:

- the best interests of the City;
- all applicable laws and regulations;
- the professional ethics of the purchasing profession.

Date: _____

Signature

Print Name

Title

- Loyalty to your company
- Justice to those with whom you deal
- Faith in your professional

From these principles are derived the NAPM standards of purchasing practice.

1. Avoid the intent and appearance of unethical or compromising practice in relationships, actions and communications.
2. Demonstrate loyalty to the employer by diligently following the lawful instructions of the employer, using reasonable care and only authority granted.
3. Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the employer.
4. Refrain from soliciting or accepting money, loans, credits, or prejudicial discounts, and the acceptance of gifts, entertainment, favors, or services from present or potential suppliers which might influence, or appear to influence purchasing decisions.
5. Handle information of a confidential or proprietary nature to employers or suppliers with due care and proper consideration of ethical and legal ramifications and governmental regulations.
6. Promote positive supplier relationships through courtesy and impartiality in all phases of the purchasing cycle.
7. Refrain from reciprocal agreements which restrain competition.
8. Know and obey the letter and spirit of laws governing the purchasing function and remain alert to the legal ramifications of purchasing decisions.
9. Encourage that all segments of society have the opportunity to participate by demonstrating support for small, disadvantaged and minority-owned businesses.
10. Discourage purchasing's involvement in employer-sponsored programs of personal purchases which are not business related.
11. Enhance the proficiency and stature of the purchasing profession by acquiring and maintaining current technical knowledge and the highest standards of ethical behavior.

Adopted 5-90

"Bid and Contract Opportunities"
Information Form



Purpose

Please use this form to publicize contracts which your department will be managing. For construction, concessions or leases, departments usually request bids. For professional services, departments usually request proposals. By listing these contracts in the "Bid and Contract Opportunities" newsletter, you help maximize competition and further the City's good faith efforts to increase business opportunities for MBE/WBE/LBEs.

See reverse for instructions.

1. Type of Contract (check one):

Equipment, Supplies or General Services Consultant or Professional Services
 Construction Concession or Lease

2. Contract Identification:

a. Contract #: _____
b. Contract Name: _____
c. Description (briefly describe the product or services, or attach something):

Editorial Note: We are often pressed for space in the newsletter, and so must abridge this information accordingly. Nothing substantive is ever omitted.

d. Estimated cost: \$ _____
e. Pre-bid or pre-proposal conference: Date: _____ Time: _____
Indicate whether attendance at the conference is: mandatory
 optional
f. Location of the conference: _____

3. Bid or Proposal Due Date (date req'd, time optional): _____
4. Estimated duration of the contract: _____
5. Location where work will be performed: _____
6. Department: _____
7. Contact person: _____ Phone: _____
Address (optional): _____
8. How long would you like to the ad to run? bid due date
 conference date
 other: _____
(We'll use the "bid due date" unless you indicate otherwise.)

9. While the ad is running, would you like to receive a copy of the newsletter? _____

Return this form to: 91 -- Purchasing Department
Bid Newsletter
270 City Hall

Publication deadline is 12 noon each Tuesday. Phone: 554-6216. Fax: 554-6717.
See reverse for the schedule for mailing and faxing the newsletter.

INSTRUCTIONS

These instructions correspond to the numbered items on the reverse side. At the bottom of this page is a sample advertisement, with arrows indicating where the numbered items will appear.

1. **Type of Contract.** Check the type of contract that you are advertising.
2.
 - a. **Contract #.** Your department's identifying number for this contract. When prospective bidders call your department, they will need this number.
 - b. **Contract Name.** A short descriptive phrase to headline the description, e.g., Moscone Center Expansion, AIDS Health Study, Accounting Services, EIR Report. The name will appear in bold type in the ad.
 - c. **Contract Description.** In a few sentences, describe the contract work.
 - d. **Estimate.** The estimated cost of the contract.
 - e. **Pre-bid or Pre-proposal Conference.** If your department will be conducting a conference for interested firms before the bid or proposal is due, describe the conference here. Check whether attendance at the conference is mandatory, i.e., if bidders do not attend the conference, their bids will not be accepted.
 - f. **Location.** Where the conference will take place. This can be particularly important if the location is different from where bidders pick up bid documents, or where they submit bids.
3. **Bid or Proposal Due Date.** Indicate the date and time the bids or proposals are due.
4. **Duration.** Indicate how long you expect the project or contract to take (months, calendar days, years). Indicate any potential extensions or options to renew.
5. **Location.** Where the work will be performed.
6. **Department.** Your City department or agency.
7. **Contact Person.** The name and phone number of the person interested firms should call for more information. If your department will mail bid requests or RFP's to bidders, your address is not necessary (if Purchasing will not be sending you a copy of the newsletter). If bidders must visit your department to obtain documents, then include your address.
8. **How long the ad should run.** Tell us how long we should run your ad in the newsletter. For some projects, the ad should run no longer than the pre-bid conference. For others, the ad should run until the bid due date passes.
9. **Do you want a copy of the newsletter?** If you would like us to mail the newsletter to you while your ad is running, write "yes." We have found that some people prefer to receive the newsletter and some don't.

Complete one form for each bid or contract that is being offered by your department or agency.

Publication Schedule: The newsletter is printed Tuesday night or Wednesday morning, mailed on Thursday or Friday, and faxed on Tuesday and Wednesday nights. If you have a correction to make, we may be able to include it in later fax versions that week, even though the printed newsletter would contain an error or omission.

1 → CONSTRUCTION

2a	2b		
↓	↓		
15596 REPAIR AND OVERLAY OF TAXIWAYS "A" AND "B." Requires a valid Calif. Contractor's License, Class			
A; bid bond for 10% of bid amount; labor, materials and performance bonds; insurance certificates; and compliance with			
HRC regulations. <u>Mandatory</u> pre-bid conference July 19, 10 a.m., Engineering Bldg., 676 McDonnell Rd., S.F. Airport.			
Est.: \$6,997,000. Phone: 737-7733.		↑	↑
		2e	2f
↑			
2d			
3 → BID DUE: July 28, 2 p.m. DURATION: 200 calendar nights ← 4			
6 → DEPARTMENT: S.F. Airport		LOCATION: S.F. Airport ← 5	
CONTACT: Jane Smith, 737-0000			
	↑		
	7		

Telephone Quotation

Date _____ DPO # _____

By _____

Bidder Information

				1	2	3
Item	Qty	Unit	Description			
			Total Preference Cash Discount Evaluated Total FOB Terms Delivery Quoted by MBE/WBE/LBE			

If you awarded to other than the lower bidder, explain:

1000-8: MBE/WBE/LBE Ordinance Compliance Declaration (HRC Form 3)

HRC Form 3
Compliance Declaration

Instructions

This declaration must be completed, signed and returned to the City prior to award. Without this completed declaration, the City cannot award a contract to you. Therefore, the City encourages all vendors to complete the form so that it will be on file when a contract is to be awarded.

Scope

This declaration covers all awards from the City that you may receive for the duration of the MBE/WBE/LBE

Ordinance. Currently, the Ordinance by its terms will expire on June 30, 1997.

If You Have Already Submitted an Declaration

If you already have submitted a complete signed Compliance Declaration to any City department, you need not have the declaration signed again. Contact the City department which sent you this request to ascertain whether your previously submitted declaration complies with this request. The department may advise you either to submit a copy of your previous declaration or to disregard this request.

Declaration

1. I declare under penalty of perjury and the laws of California, that I will ensure that my firm complies fully with the provisions of Chapter 12B of the San Francisco Admin. Code (Nondiscrimination in Contracts); Chapter 12D of the San Francisco Admin. Code (MBE/WBE/LBE Ordinance--III) and its implementing Rules and Regulations.
2. I acknowledge and hereby agree that upon a finding of willful noncompliance with the provisions of Chapter 12B, the City is authorized to impose penalties which may include financial penalties and disqualification from providing goods and services to the City and County of San Francisco for a period not to exceed two years.
3. I acknowledge and hereby agree that upon a finding of willful noncompliance with the provisions of Chapter 12D, the City is authorized to impose penalties which may include any of the following: (a) refusal to certify the award of a contract; (b) the suspension of a contract; (c) the withholding of funds; (d) the revision of a contract for material breach of contract; (e) disqualification of my firm from eligibility for providing goods and services to the City and County of San Francisco for a period not to exceed five years.
4. I acknowledge and hereby agree that if my firm willfully fails to comply with the provisions of Chapter 12D, my firm shall be liable for liquidated damages for each contract in an amount equal to my firm's net profit on the contract, or 10% of the total amount of the contract, or \$1,000, whichever is greatest. The amount of liquidated damages imposed will be determined by the Director of the HRC after investigation pursuant to Chapter 12D.14C.
5. I acknowledge and hereby agree that any liquidated damages assessed against me by the Director of the HRC shall be payable to the City and County of San Francisco upon demand. I further acknowledge and hereby agree that any liquidated damages assessed may be withheld from any monies due to me on any contract with the City and County of San Francisco.
6. A signature by the bidder or proposer affixed to this declaration constitutes an agreement with the City to comply with the provisions of Chapters 12B and 12D of the San Francisco Administrative Code where applicable.
7. I acknowledge and hereby agree that I will advise the City, and if appropriate execute a subsequent declaration, if there is a change in this entity's business organization structure or business practices such that the information in this declaration is no longer accurate.

I declare (or certify) under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this _____ day of _____, 19____, at _____, _____
(City) (State)

Signature

Name of Company

Name of Signator

Mailing Address

Title

City, State, ZIP

Telephone Number

Federal ID or Social Security Number

Routing: Return this document to the City department which sent it to you. Keep a copy for your records.

Business Tax Declaration

Please answer Yes or No to Questions 1-5.

Doing Business in San Francisco

Yes No

This person, business, or person's or business's employee:

- 1. maintains, owns or leases a fixed place of business within San Francisco.
- 2. regularly maintains a stock of tangible personal property in San Francisco for sale in the ordinary course of business.
- 3. in the ordinary course of business, loans capital on property within San Francisco.
- 4. is physically present within San Francisco through property (e.g., trucks or inventory) or employees (e.g., sales representatives) during 7 or more separate days per year (e.g., 4 employees in San Francisco for 2 days each constitute 8 separate days, and require a "yes" answer to this question). If a manufacturer does not do business in San Francisco but the manufacturer's representative does, only the representative must register.

If you answered "no" to Questions 1-4, ordinarily you are not doing business in San Francisco, need not register with the Tax Collector and may omit items 5-9 below, but you must sign and return this Declaration. However, this is subject to review by the Tax Collector. If you answered "yes" to any of the questions, you must answer the remaining questions in this Declaration and, unless an exemption applies must register. Question 10 is optional if winning this bid will require you to register.

I understand that my representation, if any, that I am not engaged in business in San Francisco is subject to review by the Tax Collector. If the Tax Collector determines that I am doing business in San Francisco, the City may either cancel the contract or withhold payment ten days after written notification by the Tax Collector.

I declare (or certify) under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that I am authorized to bind this entity contractually.

Executed this ____ day of _____, 19____, at _____, _____
(City) (State)

Signature

Name of Company

Name of Signatory

Mailing Address

Title

City, State, ZIP

Telephone Number

Federal ID or Social Security Number

Routing

If you are registering, send the application to the Tax Collector (address on obverse). Do not send this form to the Tax Collector.

Send this form with your bid or quotation to: Purchasing Department, Business Tax Compliance, City Hall, Room 270, San Francisco, CA 94102-4685. If you submitted this form previously and if your business tax status has not changed, discard this form.

For more information

Regarding how to apply, call the Tax Collector at (415) 554-6718 or 554-4426.
Regarding a bid, call Purchasing. See the last line or page on the bid for the buyer's number, or call 554-6718.

Tax-Exempt Businesses, Banks, Insurance Companies

Yes No

- 5. This business is non-profit, tax-exempt.
If "yes," you need not register and may omit items 6-10, but you must sign the declaration and submit proof of tax-exempt status to Purchasing. Proof is usually an exemption letter from the IRS, noting §501(c) or (d) of the Internal Revenue Code.
- 6. This business is a bank or an insurance company. (Please indicate on this form your type of business.)

Applying for a Business Tax Certificate

If you answered "yes" to any of Questions 1-4, and "no" to Questions 5 or 6, check item 7, 8, or 9 and complete any applicable blanks. If no item is checked, or if the Declaration is not signed, this will constitute a basis for Purchasing's rejecting the bid.

- 7. This company has registered with the Tax Collector. The Certificate number is _____. (It is a 6-digit number, e.g., "123456.")
- 8. This company applied for a Certificate by mailing the application and fee to the Tax Collector, or by submitting the application in person, on _____, 19____. The application is pending. (NOTE: Completing this Declaration is not the same as applying for a Certificate.)
If you submitted the application in person, please submit with this Declaration a copy of the fee receipt you received from the Tax Collector.
- 9. This company does not intend to apply for a certificate.
- 10. (Optional) If, as a result of winning this bid, this company is required to register, we will do so.

Business Tax Certificate Requirement

Unless you have previously submitted this form, failure to complete the Declaration on the reverse and return this form to Purchasing with your bid will be a basis for rejection of the bid, and Purchasing will assume that your company does not intend to apply for a Business Tax Certificate.

General

In order to receive an award, a vendor must have a current Business Tax Certificate. The registration fee is \$25, \$150, \$250 or \$500, depending on the type and size of your business. The fee (except the \$25 fee) is pro-rated, depending on when during the year you started your business. The fee is based on estimated Gross Receipts Tax or Payroll Expense tax liability.

Who must obtain a registration certificate?

Any business located in San Francisco or doing business in San Francisco.

What is "doing business in San Francisco"?

Briefly, it means having employees or a place of business in San Francisco, or having employees visit San Francisco on a regular basis. Questions 1-4 on the reverse specifically related to "doing business."

Are there exceptions?

Yes. A non-profit, tax-exempt business is not required to register or pay the registration fee. See Question 5 on reverse.

Government agencies, banks and insurance companies are exempt. See Question 6 on reverse.

My business is not located in San Francisco. Is a registration certificate still required?

Yes, if the business "does business in San Francisco," unless it is non-profit and tax-exempt, or a bank, or an insurance company. Businesses with annual gross receipts below \$15,000 must have a certificate and pay a fee of \$25.

All businesses, including those which do not "do business in San Francisco" but excluding government agencies, must sign and return the Declaration.

Businesses whose Payroll/Business Tax less than \$1,000 are exempt from that tax, but not the registration fee. For example, a retailer with less than \$666,000 of sales in San Francisco, or a \$90,000 payroll in San Francisco, in 1994 is exempt from the Payroll/Business Tax. But all businesses must register and file annual statements with the Tax Collector.

What's involved in obtaining a registration certificate?

Obtaining a certificate is easy, but not automatic. Once the Tax Collector receives an application, the office must check the payment status of other taxes (Unsecured Personal Property Tax, Payroll/Business Tax) and licenses or permits. If any tax or license/permit fee is delinquent, the certificate cannot be issued. Only when all taxes and fees are paid in full will the certificate be issued.

Where do I obtain the certificate?

At the Tax Collector's Office. You would obtain an application form from, and submit it and the registration fee to:

Tax Collector's Office
Business Tax Division
City Hall, Room 107
San Francisco, CA 94102-4696
(415) 554-6718, or
(415) 554-4426

The Tax Collector's Office can provide information on whether the other taxes noted above apply to you.

Do Company Divisions, Parents and Subsidiaries have to register separately?

That depends on a company's individual situation. Contact the Tax Collector at (415) 554-6718 or 554-4426 for more information.

Can I do business with the City without a certificate?

Not if you "do business in San Francisco." The City can award contracts and purchase orders to businesses only in the following situations:

- the business does business in San Francisco and has registered.
- the business does not do business in San Francisco and has signed the Declaration.
- the business is non-profit and tax-exempt, has signed the Declaration and has submitted an IRS exemption letter.
- the business is a government agency, bank, or an insurance company.
- there is an emergency. Although Purchasing can award the contract, the vendor may be subject to business taxes and required to possess a certificate.

These requirements cover service contracts, construction contracts and commodity purchases.

What if my application is pending during a bid evaluation?

If you are the low bidder on a City contract, and have applied for the certificate but your application has not yet been approved, the City may make the award to you if you sign the Declaration. If you have a receipt from the Tax Collector for the registration fee, submit a copy of the receipt with this form.

What if I currently "do not do business in San Francisco," but if I win this bid, I will?

You may answer the questions based on your current status, and you should not register at this time. If you win the bid, you should register with the Tax Collector. See Question 10 on reverse.

For more information

For information on how to apply for the certificate, call the Tax Collector's Office.

For information on your eligibility to receive a particular award, call Purchasing. See the bottom of the reverse of this form.

Completing the Declaration; Failure to do so

Unless you previously submitted this form, please complete the Declaration and return it with your bid or quotation. See next section.

Failure to complete the Declaration and return it with the bid will be a basis for rejection of the bid, and for Purchasing assuming that your company should register but will not and therefore that the City cannot do business with you.

If you submitted this form previously

If you submitted this form for an earlier transaction, and if your business tax status has not changed, please discard this form.



CITY AND COUNTY OF SAN FRANCISCO DEPARTMENTAL PURCHASE ORDER

XP

2.

3. DELIVER TO:	4. DEPARTMENT NAME 5. P.O. DATE 11. REFER QUESTIONS TO: 14. DEPARTMENTAL PO NO.	12. 13.	6. DEPT. DIV./SEC. 7. DEPT. CONTROL NO. 8. FISCAL PERIOD 9. MEMORANDUM REF. 10. DEPT. ACCOUNT NO. DEPT. CONTROL NO.
----------------	---	------------	---

ITEM NO.	16. QUANTITY	17. COMMODITY CODE	EQUIP. BUDGET NO.	DESCRIPTION	20. UNIT / PRICE	21. EXTENSIONS OR LOT PRICE PER LINE ITEM
Rec'd						

22. TASK 23. BATCH IDENTIFICATION	24. TOTAL OF ADDENDUM(S) \$	25. TOTAL OF THIS PAGE \$	26. GROSS DISCOUNT \$	27. GROSS TOTAL \$	28. SALES TAX \$	29. TOTAL \$
--------------------------------------	--------------------------------	------------------------------	--------------------------	-----------------------	---------------------	-----------------

LN NO.	30. TRANS CODE	31. R P S F	SER. ID	32. DOCUMENT NUMBER	33. REFERENCE NUMBER	SER. ID	34. WARRANT NUMBER OR DUE DATE	35. SUBSIDIARY ACCOUNT	36. VENDOR NUMBER	37. INDEX CODE	38. SUB OBJECT	39. PROJECT	40. WORK PHASE	41. DEPT. INFO.	42. AMOUNT
12/31/4							49/50	58/59	65/66	71/72	75/76	81/82/83/84			69/90

AUTHORIZATION and ENCUMBRANCE I certify that the above is a legal charge against the appropriation indicated and that unencumbered allotted funds are available to pay this. Date _____ Authorized By _____ signature Dept. Head _____ signature	MATERIAL RECEIVED REPORT The articles were received in good order and in the quantities noted. I authorize payment of the invoice. Date Rec'd _____ Approved Amt \$ _____ Rec'd By _____ signature Dept. Head _____ signature
--	---

43. Certified by Controller _____	44. Paid Amt \$ _____ Certified by Controller _____
--------------------------------------	---

45. Vendor Address City, State, Zip	46. F.O.B. DEST. TERMS: Delivery Date Special Instructions
---	--

Terms and Conditions

1. Compliance with Laws; Cal-OSHA; Electrical Products

Articles and services covered by this document must comply with applicable laws, ordinances and other legal requirements, including (among others) the Cal-OSHA regulations in Title 8 of the Calif. Admin. Code and, for electrical products, Articles 89-6 and 90-71 of the S. F. Electrical Code.

In addition, if an electrical item has not been tested by a lab approved by City's Dept. of Public Works, Contractor will so notify the requesting department before delivery by writing the department at the "Deliver to" address on the front of the Purchase Order. Approved testing labs are: American Gas Assn.; Applied Research Labs; Electro-Test, Inc.; ETS Testing Labs; Factory Mutual Research; Gas & Mechanical Lab; Underwriters Labs. When a non-tested item is delivered, the department will request approval from Dept of Public Works. If the department is unable to obtain approval, City reserves the right to cancel the transaction and return the item to contractor, all at no charge to City.

2. Convict Labor

No article furnished hereunder shall have been made in prison or by convict labor, except articles purchased for use by City's detention facilities.

3. Condition of Article

Articles offered and furnished must be new and previously un-used, and of manufacturer's latest model, unless otherwise specified herein.

4. Inspection

All articles supplied shall be subject to inspection and rejection by Purchasing or any department official charged with such duty.

5. F.O.B. Point

F.O.B. destination in San Francisco, freight prepaid and allowed.

6. Contract Interpretation; Venue; Assignment

Should any questions arise as to the meaning and intent of the contract, the matter shall be referred to Purchasing, who shall decide the true meaning and intent of the contract. This contract shall be deemed to be made in, and shall be construed in accordance with the laws of, the State of California. This contract may be assigned only with the written approval of Purchasing.

7. Hold Harmless and Indemnification

Contractor shall assume the defense of all claims and suits against the City, its officers and agents, arising out of and in the course of performance of this contract and Contractor shall indemnify and hold harmless the City, its officers and agents, from any and all liability, loss or damage arising from such claims or suits.

8. Failure to Deliver

If Contractor fails to deliver an article or service of the quality, in the manner or within the time called for by this contract, such article or service may be bought from any source by Purchasing and if a greater price than that named in the contract be paid for such article or service, the excess price will be charged to and collected from Contractor or sureties on its bond if bond has been required.

9. Sunshine Ordinance

Contracts, contractors' bids, responses to RFPs and all other records of communications between City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

10. Budget and Fiscal Provisions

This contract is subject to the budget and fiscal provisions of City's Charter. Charges will accrue only after prior written authorization certified by City's Controller and amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This section shall control against any and all other provisions of this contract.

11. Guaranteed Maximum Costs

a. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

b. Except as may be provided by City ordinances governing emergency conditions, the City and its employees and officers are not authorized to request Contractor to perform services or to provide materials, equipment and supplies that would result in Contractor performing services or providing materials, equipment and supplies that are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract unless the agreement is amended in writing and approved as required by law to authorize the additional services, materials, equipment or supplies. The City is not required to reimburse Contractor for services, materials, equipment or supplies that are provided by Contractor which are beyond the scope of the services, materials, equipment and supplies agreed upon in the contract and which were not approved by a written amendment to the agreement having been lawfully executed by the City.

c. The City and its employees and officers are not authorized to offer or promise to Contractor additional funding for the contract which would exceed the maximum amount of funding provided for in the contract for Contractor's performance under the contract. Additional funding for the contract in excess of the maximum provided in the contract shall require lawful approval and certification by the Controller of the City. The City is not required to honor any offered or promised additional funding for a contract

which exceeds the maximum provided in the contract which requires lawful approval and certification of the Controller when the lawful approval and certification by the Controller has not been obtained.

d. Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

12. Cash Discounts--Terms of Payment

Discount period must be at least 30 days. Example: "1%, 30 days." The discount period will start upon date of completion of delivery of all items on any Purchase Order or other authorization certified by Controller, or upon date of receipt of properly prepared invoices covering such deliveries, whichever is later. Payment is deemed to be made, for the purpose of earning the discount, on the date of mailing the City warrant or check. It is understood and agreed that no additional charge shall accrue against City if City does not make payment within any time specified by bidder.

13. Taxes

City is exempt from federal taxes except on articles for resale. Contractor will enter state and local sales or use tax, and excise tax if applicable, on invoices.

14. Use of City Opinion

Contractor shall not quote, paraphrase, or otherwise refer to or use any opinion of City, its officers or agents, regarding Contractor or Contractor's performance under this contract without prior written permission of Purchasing.

15. Quotation and Attachments

This Purchase Order is subject to the terms and conditions of a Quotation, if one was used in soliciting bids for this Purchase Order, and any attached documents.

16. Equal Employment Opportunity and Business Practices; Liquidated Damages

Contractor agrees to comply fully with all provisions of Chapters 12B and 12D of the S. F. Admin. Code, as amended from time to time. Said provisions are incorporated herein by reference and made a part of this contract as though fully set forth.

In the event the contractor willfully fails to comply with any of the provisions of Chapter 12D, the Contractor shall be liable for liquidated damages for each contract in an amount equal to Contractor's net profit on the contract, or ten percent (10%) of the total amount of the contract, or one thousand dollars (\$1,000), whichever is greatest. The amount of liquidated damages imposed will be determined by the Director of the HRC after investigation pursuant to Section 12D.14(C).

By entering into this contract, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of HRC shall be payable to the City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with the City.

Pursuant to §12B.2(h) of the Admin. Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this contract may be deducted from payments due to Contractor.

17. MacBride Principles--Northern Ireland

The City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

18. Tropical Hardwoods

The City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood or tropical hardwood product. If this order is for wood products or a service involving wood products: (a) Article 12I of the Admin. Code is incorporated herein and by reference made a part hereof as though fully set forth. (b) Except as expressly permitted by the application of §§ 12I.3.B and 12I.4.B of the Admin. Code, Contractor shall not provide any items to the City in performance of this contract which are tropical hardwoods or tropical hardwood products. (c) Failure of Contractor to comply with any of the requirements of Chapter 12I shall be deemed a material breach of contract.

19. Resource Conservation

Contractor agrees to comply fully with the provisions of Chapter 21A (Resource Conservation) of the S.F. Admin. Code, as amended from time to time. Said provisions are incorporated herein by reference and made a part of this contract as though fully set forth.

In the event contractor fails to comply in good faith with any of the provisions of Chapter 21A, contractor shall be liable for liquidated damages in amount equal to the contractor's net profit under the contract, or 5% (five percent) of the total amount of the contract dollars, whichever is greatest. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to the City upon demand and may be sent off against any monies due to contractor from any contract with the City.

20. Emergencies: Priority 1 Service

In case of an emergency that affects the San Francisco Bay Area, Contractor will give the City Priority 1 service. Contractor will make every good faith effort in attempting to deliver products or services using all modes of transportation available. Contractor shall provide a 24-hour emergency telephone number to a company representative who is able to receive and process orders for immediately delivery or will call in the event of an emergency. In addition, Contractor shall charge fair and competitive prices for products and services ordered during an emergency and not covered under the awarded contract.