

# Doing Business

with the

# City of Milpitas

Purchasing Division

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Purchasing Agent

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Finance Director/Risk Manager

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## **Mission Statement**

“The mission of the Purchasing Division is to use the best practices to provide top quality procurement service in a professional manner dedicated to promoting accountability, excellence, innovation, personal respect, and integrity while upholding the public’s trust in an open, honest, and competitive environment.”

# Welcome

The Purchasing Division appreciates your interest in selling to the City of Milpitas and hope this guide will be beneficial. Our aim is to help your sales effort and to promote good business relationships with the City. This guide outlines purchasing policies and procedures of the City.

## General Information

The Purchasing Division of the Finance Department is the City's central purchasing operation. Under the authority of the City of Milpitas Municipal Code, the Purchasing Division is responsible for:

- the procurement of products and services,
- the maintenance of the City's bidder's list, and
- the sale of City surplus property and supplies, including automotive vehicles.

This includes Public Works (see Public Works Projects).

Purchasing Division personnel attempt to obtain maximum value for each dollar expended, considering the factors of price, quality, applicability, availability, support service, applicable laws, and regulations.

## How to Contact Us

Telephone: (408) 586-3161

Fax: (408) 586-3170

Web: [www.ci.milpitas.ca.gov](http://www.ci.milpitas.ca.gov) (select Government//Finance/Purchasing Home)

Mailing address:

City of Milpitas  
Purchasing Division  
455 E. Calaveras Blvd.  
Milpitas, CA 95035-5411

Purchasing Agent

Chris Schroeder, C.P.M., A.P.P.

(408) 586-3161; [cschroeder@ci.milpitas.ca.gov](mailto:cschroeder@ci.milpitas.ca.gov)

Buyer

Zachary DeVine

(408) 586-3163; [zdevine@ci.milpitas.ca.gov](mailto:zdevine@ci.milpitas.ca.gov)

Office Hours

Monday through Friday

8:00 a.m. – 5:00 p.m.

## Location/Directions

City Hall is located on the east side of Milpitas Blvd at the corner of E. Calaveras Blvd. Enter at the main entrance of City Hall from the parking lot on the north end of the building. At the Information Desk in the lobby of the first floor, ask for the Purchasing Division.

### Directions:

#### From the Hwy 101

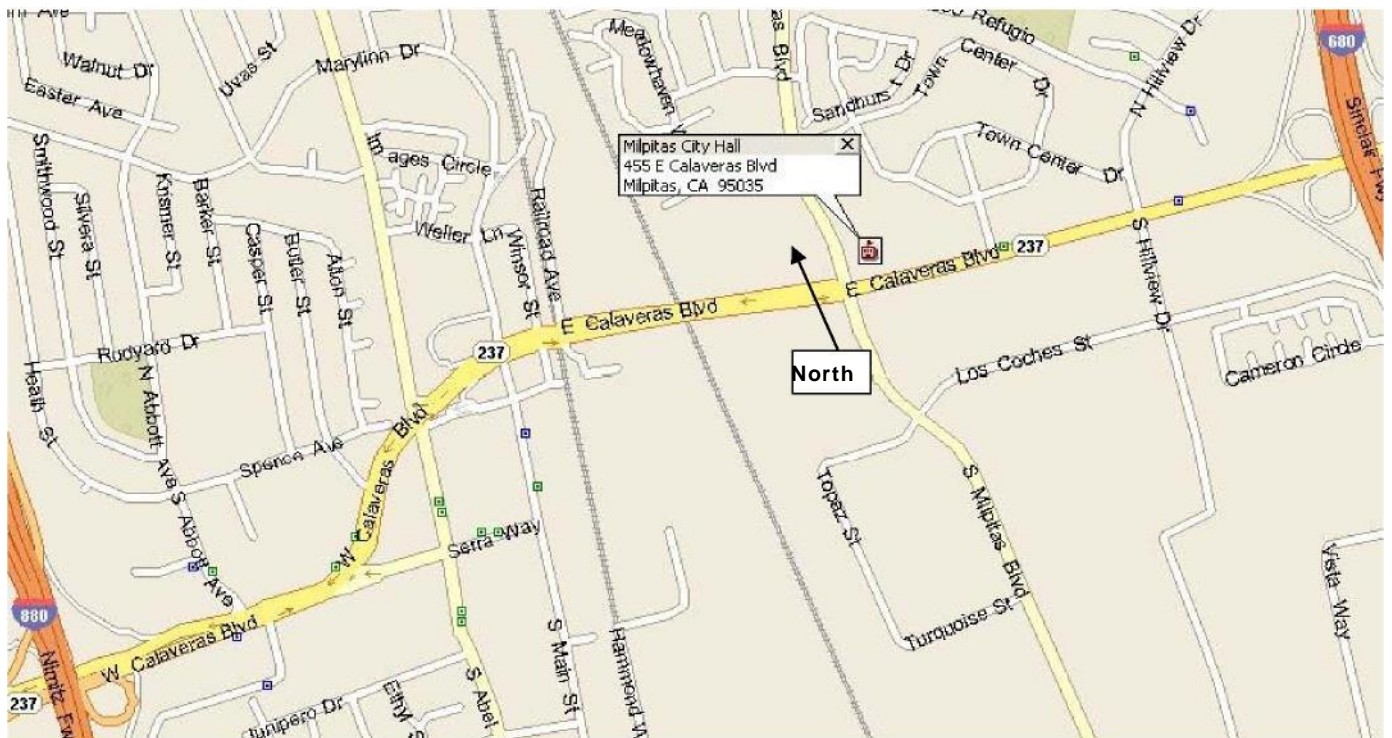
Exit 101 at the Alviso/Milpitas exit and head east. This turns into 237. When you cross over I-880, 237 turns into Calaveras Blvd. Continue on Calaveras Blvd. At N. Milpitas Blvd., turn left and stay in the right-hand lane and turn into the first driveway. City Hall is right there.

#### From the I-880

Take the E. Calaveras Blvd. Exit and head east. Continue on Calaveras Blvd. At N. Milpitas Blvd., turn left. Stay in the right lane and turn into the first driveway. City Hall is right there.

#### From the I-680

Take the W. Calaveras Blvd. Exit and head west. Continue on Calaveras Blvd. At N. Milpitas Blvd., turn right and turn into the first driveway. City Hall is right there.



# FREQUENTLY ASKED QUESTIONS

## **Does the City Buy What I Sell?**

Maybe. The City purchases more than \$80 million worth of products and services each year, ranging from streetlights to asphalt to office supplies. We are continuously looking for good suppliers for a wide variety of commodities and services. For example, the City contracts for printing and office supplies, but also contracts for painting and sidewalk, curb and gutter repair.

## **How Can I Get My Foot in the Door?**

By pasting this link:

<http://www.ci.milpitas.ca.gov/milpitas/departments/finance/vendorregistration/>

into your browser it will take you to the City of Milpitas Vendor Registration page where you will find complete instructions on the registration process and can register on our free eProcurement system ProcureNow; where you may have other opportunities to do business with the City.

## **How Is Public Purchasing Different from Private Purchasing?**

The public procurement process, and the people involved, are subject to complete public accountability, regarding the proper expenditure of taxpayers' money. Public purchasing must guarantee fair and open competition with equal opportunities for every supplier consistent with the City's municipal code. A unique characteristic of public purchasing is the underlying principle that prices are not as critical as fairness and impartiality in obtaining them.

## **Are All Purchases Made by the Purchasing Division?**

No, we have a partly decentralized purchasing operation. Some commodities and services are bought by the purchasing staff, some by the other City departments or divisions. We can direct you to the appropriate person for your commodity.

## **Buyer Assignments**

Assignments are made based on availability and expertise rather than by commodity or department. The particular Buyers' contact information is always listed in the solicitation.

## **May I Bid If I Don't Carry the Brand Listed on the Bid?**

Yes, if the bid specifies a brand name or equal, you may offer an alternative or equal brand. It is a good idea to discuss your alternative with us before submitting it. "Or Equal" products will be evaluated after bids are received.

## **Do Good Service and Quality Products Matter or Are Decisions Made Solely on the Basis of Price?**

The Purchasing Division's goal is to obtain the necessary quantity and quality at the lowest price possible for every purchase. We attempt to develop specifications which clearly define the quality required.

Request for Quotations (RFQ) and Invitation for Bid (IFB) are awarded to the lowest responsive, responsible bidder.

Request for Proposals (RFP) are awarded on "best value" as determined by the criteria in the RFP. You may expend considerable time and money in presenting your product to an individual



department in the hopes of making a sale. If you do this, remember the purchase may eventually be made by competitive bid and be awarded to the lowest responsive, responsible bidder or to the proposer offering the best value to the City.

**Are Bid, Labor and Material, and/or Performance Bonds Required?**

All contracts for Capital Improvement or Public Works projects (Construction) require bid bonds and require payment and performance bonds per State of California law. Many non-construction bids issued by the Purchasing Division do not require bonding.

**What Are the City’s Delivery Requirements?**

Deliveries in almost all cases are required to be made to us F.O.B. City of Milpitas, freight prepaid. Failure to meet specified delivery dates may cause cancellation of the order, liquidated damages, and removal from the vendor list.

**When Are Modifications to Contracts and Agreements Allowed?**

All modifications to contracts and agreements, including but not limited to, changes to the scope of the work, quantity of goods, price or term shall be made in writing and approved by the requesting department. Modifications are permitted only if the modification would not cause the contract or agreement to exceed the monetary limits defined below.

<b>Contract Amount</b>	<b>Individual Change Order Authority</b>	<b>Cumulative Change Order Authority</b>
<b>Less Than or Equal to \$100,000</b>	10% of Award or \$10,000.00 whichever is less	15% of Award or \$15,000 whichever is less
<b>Over \$100,000</b>	10% of Award or \$20,000.00 whichever is less	15% of Award or \$40,000 whichever is less

All contract changes must be reflected on the Purchase Order and/or contract amendment. All other changes outside the parameters defined in Municipal Code I-2-3. (Authority to Modify Contracts Awarded by the City Council) must be approved by the City Council. **This subsection applies to contracts for professional services and projects governed by the Public Contract Code.**

**Does the City Buy Recycled Products?**

The City of Milpitas is committed to the conservation and protection of state and local resources. Bidders able to supply recycled products and products containing recycled and environmentally preferable materials that meet performance requirements are encouraged to offer them in bids and proposals. The Purchasing Agent shall purchase recycled products whenever they are available at the same total cost and the fitness and quality are equal to that of nonrecycled products. The City will provide to the suppliers of recycled products a preference of 10% (percent) of the lowest bid or price quoted by suppliers of non-recycled products when the recycled products is designated in the solicitation.

**Does the City Require Contractors to Pay Prevailing Wage?**

Yes. Whether a project is funded by Federal money, or entirely by City of Milpitas money, prevailing wage for the locality in which the public work is to be performed for each craft and classification as determined by the Department of Industrial Relations is required. For more information go to [www.DLSE.CA.GOV](http://www.DLSE.CA.GOV) and click on Public Works.

**Does the City Require Contractors to Pay the Living Wage?**

No. The City of Milpitas does not have a Living Wage Ordinance.

**Does the City Have a Program for Disadvantaged Businesses?**

We are happy to work with any business to help you with the bid process. However, we do not have preference programs for small businesses or businesses owned by socially or economically disadvantaged individuals.

**Do Local Suppliers Receive Preference from the City?**

A bidder with a permanent place of business within the City shall be preferred over a bidder without a permanent place of business within the City, in cases where two or more bids are judged to be equal on the basis of price, quality and service.

**Local Purchasing Preference**

The City allows a local bidder who is within 10% of the winning bid of a non-local bidder the opportunity to reduce their price to an amount equal to the lowest bidder and thereby be deemed to be the lowest bidder and be awarded the bid.

**How Does the City Make Payments?**

We issue payment to suppliers as soon as possible after acceptance of the merchandise and/or service, and the correct original invoice, whichever arrives last. To expedite payment, be sure to put the purchase order number on all invoices, shipping tags, and other correspondence relevant to the order.

We issue and mail checks to suppliers every Friday. We dispense an average of 350 checks per pay period, and there are many accounting controls in place for each check issued. Due to the volume of work, it is not possible to issue checks outside of our regular schedule. It is our policy to mail checks to suppliers; picking up checks personally is not permitted. Feel free to call Accounts Payable at 408-586-3127 if you would like to learn about how you can work with our system and have your checks issued in a timely manner.

**Are There Standard Performance Expectations?**

Yes, performance and delivery requirements are outlined in written specifications. Once a contract is in place, failure to fulfill any of the conditions may result in termination of your contract.

**How Are the City's Emergency Purchases Handled?**

There are times during emergencies when an order must be placed by City personnel after hours or on weekends when the Purchasing Division is closed. Emergency purchases may be made for items which are immediately necessary for the preservation of public health, safety, or welfare where there is an immediate or imminent emergency. Depending on the nature and scope of the emergency, vendors should make every effort to issue a sales receipt, even if it

has to be handwritten. The City will make every effort to see to it that you are paid for anything you sell to City employees under these conditions.

### **Does the City Issue Blanket Purchase Orders?**

Yes, based on the dollar amount the City does bid out certain commodities and/or services or establish a blanket purchase order using a cooperatively bid contract. Blanket purchase orders allow you to sell goods to the City on an as-needed basis.

### **What is a P-Card?**

The P-Card is a Visa payment tool. It is “procurement card” very similar to a credit card although it has some unique differences, which are listed as follows:

- For official business only
- Obtained by the City for the employee
- Tailored to specific spending limits, transaction and monthly totals
- Tailored to merchant activity codes which limits the types of material purchased

P-Cards are for low dollar purchases under \$10,000.00. When possible, City employees should use the P-Card before using petty cash, or City purchase orders.

### **What Should I Do If I'm Confused?**

You may find our procedures, or requests for bids and proposals, confusing. Give us a call (408-586-3161); we will gladly answer any questions on specifications, bid or award procedures, and purchasing methods in general.

## **How Does the Bid Process Work?**

### **Bid Submittals: Your Responsibility**

Read all Requests For Qualifications (RFQ), Invitation For Bids (IFB) and Requests For Proposals (RFP) carefully. Be sure you can comply with all requirements before you respond. If you have any questions, be sure to submit it through the ProcureNow system. All questions are answered as soon as possible and shared with all registered bidders. **Your offer must arrive on time.** Allow at least three hours to upload your bid directly into ProcureNow, do not wait till the last hour to start the process, if you have any problems the City will not accept a late bid.

The Bid Process begins when the Purchasing Division receives a purchase requisition from a City Department/Division and processes the request in compliance with the following guidelines:

Purchases over \$10,000.00 and less than \$50,000.00 are awarded based on an **informal** competitive bid process. The bid is awarded to the lowest responsive, responsible supplier: the bidder who meets the specifications, terms and conditions stated, and offers the lowest price. The only time we do not award to the lowest price is when a bid does not meet our specifications, or the bidder is not responsible. Anyone can see the bid results on the Purchasing Page of the City website after the bid has been awarded.



Most purchase awards are based on the lowest responsive and responsible bid, except in the case of a Request for Proposal (RFP) wherein the award is based on “best value” considering such things as the availability of the required product or service; available discounts; past performance record of the vendor and other factors may be considered. Purchases over \$50,000.00 follow a **formal** procedure. These Invitation for Bids (IFB) and Requests for Proposals (RFP) are distributed electronically through ProcureNow to each supplier on the Vendor List for that particular commodity or service. The bids are opened electronically at a specified time and City Council approves the bid award of contracts over \$100,000.00 at a public meeting.

**Purchases up to \$10,000.00 (Informal Price Quotes)** . City Departments can make these purchases using a P-Card (Visa), or by submitting an invoice.

**Purchases of \$10,000.00 to \$50,000.00 (Informal Price Quotes)** are awarded based on three (3) competitive quotation, whenever possible, from the City’s Vendor List and/or other known sources. The solicitation must be conducted by Purchasing Division staff, using the City’s eProcurement System Procure Now All solicitations are kept with the Purchase Contract or Agreement.

**Purchases of \$50,000.00 or more (Formal Bid)** are awarded based on the City’s Formal Bid Procedures unless otherwise noted as an exception in the Milpitas Municipal Code. Such purchases are awarded by the City Council. A formal bid package is prepared with written specifications describing the minimum standards for the product or service being solicited. Bid notices are emailed to vendors that have previously registered with the City and from other sources. Formal bids may be published in a local newspaper and on the City website and various bay area bulletin boards. The Purchasing staff opens bids electronically on the date and time specified in the bid package

### **Advertisements**

Bid announcements are published at least once, no less than 5 days prior to the proposal/bid submission date. Bid announcements are posted on the City’s web site at the following link: <http://www.ci.milpitas.ca.gov/milpitas/departments/finance/bidopportunities/>. Click on the project or blue bid number to access the bid documents.

### **Purchase Agreements**

Purchase Agreements are issued after an award is made to the successful bidder(s). Purchase Orders and Contracts are executed in accordance with the specifications of the Request for Quotation (RFQ), Invitation for Bid (IFB), or Request for Proposal (RFP). It is expected that the vendor/contractor will fulfill orders in good faith and in accordance with the specifications and the purchasing agreement. If orders cannot be completed as specified, please notify the appropriate Buyer immediately. The end-using department inspects all products received. Payment will not be made until that department acknowledges acceptance of the product or service.

### **Vendor Bid List**

Through a third-party vendor, ProcureNow, the City of Milpitas Purchasing Division maintains a database of prospective vendors for all types of commodities and services normally purchased by the City. Each commodity or service is coded using the National Institute of Government Purchasing (NIGP) code. Each Vendor is able to select as many codes as he or she wishes. The Buyer, prior to soliciting offers reviews the database based on the codes for

the particular commodity or service the City seeks to purchase. All vendors who have selected that code will receive direct e-mail notification of the bid. If you would like to be added to the database, click on this link <http://www.ci.milpitas.ca.gov/milpitas/departments/finance/vendorregistration/> and follow the instructions. Contractors wishing to be notified of both informal and formal invitation for bid (IFB) Public Works projects are also encouraged to click this link <https://forms.ci.milpitas.ca.gov/forms/view.php?id=59681> and fill in the form to be registered for California Uniform Public Construction Cost Accounting Act (CUPCAA) projects.

Being in the database does not guarantee you will receive a particular solicitation(s). Since you choose your own NIGP codes the City cannot guarantee to select the same code you have, although we make every effort to choose the widest range of code(s) possible to insure the maximum amount of competition. While the City makes every attempt to notify all potential bidders to participate in the bid process, it is the responsibility of the vendor to secure the proper bid package(s) and remain aware of the City's purchasing and contracting opportunities.

### **Pre-Bid Conferences**

When appropriate, the City will conduct a pre-bid/proposal conference and/or job walk. Specifications will be explained in detail and you will have the opportunity to ask questions concerning the bid or proposal. It is desirable that potential bidders review the bid package prior to attending the pre-bid/proposal conference or job walk. We do not want to waste everyone's time answering questions that are clearly explained in the bid package.

### **Unauthorized Purchases**

Except for emergencies or other authorized exemptions, no purchase over \$10,000.00 can be made without an authorized purchase agreement (Purchase Order and/or Contract). Purchases over \$10,000.00 made in the name of the City of Milpitas without an authorized purchase agreement will not be considered an obligation of the City of Milpitas. Invoices over \$10,000.00 without a PO number may be returned to the vendor unpaid. The City is not responsible for any unauthorized purchases/deliveries and will not take responsibility for payment.

## **VENDOR COMPLIANCE REQUIREMENTS**

### **Gifts and Entertainment**

Standard Operating Procedure (SOP) 16-1 "Code of Conduct for Public Officials" states the following:

No public official or employee shall accept any gift at any time, whether in the form of a service, loan, thing of value, or promise, from any person, firm or corporation, which to his/her knowledge is interested directly or indirectly in any manner whatsoever in business dealings with the City; nor shall any such official or employee accept a gift, favor or thing of value that may tend to influence him/her in the discharge of his/her duties, or grant in the discharge of said duties any improper favor, service, or thing of value. The following exceptions may be permitted with the approval of the City Manager:

- (a) A gift of candy or other perishable food items to the City or department, which is to be kept in the office area and shared by all employees.

- (b) A gift justified by a personal relationship, which exists outside the realm of City business. Public officials and employees are cautioned from accepting "discounts" or other advantages offered by vendors to "City Employees." While these may be legitimate business promotions from ethical businesses, employees should first ensure that they are not compromising themselves or placing the City in a potentially embarrassing position through a conflict with their official duties.

Vendors are requested to cooperate in this regard by not making any such offers to City employees that are outside the realm of the City's gift and entertainment policy.

### **Business License**

When doing business with the City of Milpitas, you will likely be required to obtain a City of Milpitas business license if you do not already have a current license. For additional information and licensing requirements, or if you have any questions please call Finance at 408-586-3100.

### **Purchase Order Numbers**

For all orders \$10,000.00 and above, the Purchase Order number must appear on all invoices, shipping tags, packing slips and all correspondence relevant to the order.

### **Taxes**

The City is exempt from Federal Excise Tax. Prices quoted by the vendor must include sales or use tax unless otherwise requested. All applicable taxes should be included on invoices.

### **When Does the City Require Insurance Coverage?**

When your personnel enter City property to repair, install, service, construct, or perform similar work, General Liability, Auto Liability, and Workers' Compensation insurance are generally required. If your firm provides professional services, such as architectural or engineering, professional liability insurance is generally required. We must have proof of insurance meeting our criteria before you start work. Contact us for further information regarding this condition.

Prior to the purchase award, you may be required to show proof of coverage as follows:

- A. The Vendor must maintain at its sole expense the following insurance, which will be full coverage not subject to self-insurance provisions:
  - (1) Automobile Liability, including owned, non-owned and hired vehicles, with at least the following limits of liability:
    - (a) Primary Bodily Injury with limits of at least \$1,000,000.00 per occurrence; and
    - (b) Primary Property Damage of at least \$1,000,000.00 per occurrence; or
    - (c) Combined single limits of \$1,000,000.00 per occurrence.
  - (2) General Liability including coverage for premises, products and completed operations, independent contractors, personal injury and contractual obligations with combined single limits of coverage of at least \$1,000,000.00 per occurrence.

(3) Workers' Compensation with limits as required by the Labor Code of the State of California and Employers Liability with limits of at least \$1,000,000.00 per occurrence.

- B. The insurance provided by the Vendor must be primary and non-contributory.
- C. The City, its elected and appointed officials, officers, attorneys, agents, employees and volunteers must be named as additional insured by endorsement under the automobile and general liability policies
- D. The Vendor must provide certificates of insurance and endorsements indicating appropriate coverage, to the City **before** the commencement of work.
- E. Each insurance policy required by this Paragraph must contain a provision that no termination; cancellation or change of coverage can be made without thirty days' notice to the City.
- F. Each insurance policy required by this Paragraph must contain a Waiver of Subrogation in favor of the City during the life of the contract.

**Sufficiency of Insurers and Sureties**

Insurance or bonds required by the City will be satisfactory only if issued by companies admitted to do business in California, rated "A" or better in the most recent edition of Best's Key Rating Guide, and only if they are of a financial category Class VII or better, unless these requirements are waived by the City Risk Manager due to unique circumstances. In the event the Risk Manager determines that the work or services to be performed create an increased or decreased risk of loss to City, the Vendor agrees that the minimum limits of the insurance policies and/or the bond(s) required by the City may be changed accordingly upon receipt of written notice from the Risk Manager; provided that the Vendor will have the right to appeal a determination of increased coverage by the Risk Manager to the City Council of Milpitas within 10 days of receipt of notice from the Risk Manager.

**BID PROCESS EXCEPTIONS**

**Sole Source Procurement.**

A contract may be awarded without competition when the Purchasing Agent determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply or service. The Purchasing Agent shall conduct negotiations, as appropriate, as to price, delivery, and terms. A written statement of the basis for the sole source determination shall be placed in the contract file.

**Public Agency Purchases**

The Purchasing Agent may purchase supplies and general services without complying with the quotation or bidding requirements, if such purchases are based on an agreement or cooperative

purchasing program entered into by any of the following public agencies, regardless of whether the City is a named party to the agreement or an actual participant in such a program:

- A. Any public or governmental body or agency or any joint purchasing agreement or cooperative purchasing program provided that the underlying purchase was made using competitive negotiation or procurement procedures and may include a nationally bid cooperative contract and the public agency is a “public agency” as defined in Government Code section 6500. The City may also use California Multiple Award Schedules (CMAS) contracts, and Federal GSA Contracts.

### **Public Works Projects**

The process for awarding a contract for a Public Works project is defined by the California Public Contract Code. Specification, bidding procedures, contracts for major construction, streets, drains, sewers, utilities, parks, or playground are the responsibility of the Public Works and Engineering Departments. For more information about doing business with Public Works, please call (408) 586-2600 or the Engineering Department at (408) 586-3300.

### **Disclaimer**

The guidelines presented here have been prepared and provided to you, the supplier, for information purposes only. They do not supplant the laws, regulations, and procedures governing procurement by the City of Milpitas. In the event of changes in those laws, regulations, or procedures; the laws, regulations, and procedures (as amended from time to time) are binding and take precedence.

### **Product Information and Demonstrations**

Please do not send product information, catalogs, line cards and “sale” information to the address listed in “How to Contact Us.” The Purchasing Division no longer maintains a library of such material. If you have new equipment, materials, or services that the City of Milpitas may be interested in, contact the Purchasing Division. If the product appears useful, the Purchasing Division may test it or refer you to the appropriate department in the City. You may make sales demonstrations; offer trial materials, etc. without obligation to the City of Milpitas directly to the individual departments.



**Milpitas City Council**

**Rich Tran, Mayor**

**Carmen Montano, Vice Mayor**

**Evelyn Chua, Councilmember**

**Karina R. Dominguez, Councilmember**

**Anthony Phan, Councilmember**

**City Staff**

**Steven G. McHarris, City Manager**

**Lauren Lai, CPA, MPA Finance Director/Risk Manager**

**Wendy Wood, City Clerk**