

# ORANGE COUNTY FIRE AUTHORITY



## Purchasing Manual

### OVERVIEW

The Orange County Fire Authority (OCFA) has a Centralized Purchasing System administered by the **Purchasing & Material Management Section**, a division of the Business Services Department. Centralized purchasing standardizes bidding and evaluation procedures, achieves economy of scale benefits, provides consistency in dealing with vendors, and ensures a fair and open procurement process.

At OCFA, the Purchasing Division determines the most cost-effective means for acquiring goods and services. Purchasing guidelines are covered in Ordinance 006 & 007, and Resolution 2009-04.



The Orange County Fire Authority has received the Achievement of Excellence in Procurement (AEP) award in 2007, 2008, 2011, 2012, & 2013.

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## INTRODUCTION

The **Purchasing & Material Management Section** is responsible for managing the formal bid process, developing Requests for Proposals, processing all purchase requisitions, administering the procurement card program, reviewing contracts, and overseeing Service Center operations.

Associated responsibilities include surplus property disposal; mailroom administration; shipping & receiving; certification & maintenance of breathing apparatus; and, repair and fabrication service for equipment, safety garments and tools.

The **Purchasing & Material Management Section** also provides logistical support for major incidents.



## WHERE TO BEGIN?

The first step in acquiring goods or services for your department is to define a requirement. That is, what is the intended purpose of the goods or services to be acquired and how can that purpose be achieved? Factors to be considered include:

1. Product or service description
2. Cost (including tax & delivery)
3. Quantity
4. When is it needed (availability)
5. Where to get it (potential sources)

Any requirement must be budgeted prior to placing an order.

Departments are free to contact suppliers for price estimates and product information. However, it is the Purchasing Division's responsibility to approve most orders prior to processing. Exceptions may exist where purchasing authority has been delegated, as with procurement cards.

Purchasing staff is available to assist in finding sources for both goods and services. Many items, such as office and janitorial supplies, are available on existing contracts at favorable terms and pricing.

## ACQUISITION COST

Acquisition cost usually determines the method used to purchase goods and services. Be sure that funds are available in your departmental budget prior to processing a request.

### Standard Acquisitions

In general, the following limits apply to materials, equipment and services:

Orders **up to \$10,000** require Purchasing Division approval, based on a single informal quotation.

Orders **from \$10,000 to \$100,000** require Purchasing Division approval, based on an attempt to obtain at least three informal bids.

Orders for individual items or service contracts **over \$100,000** require Executive Committee approval.

The Purchasing Division is responsible for soliciting bids or otherwise verifying the accuracy of bids received.

### Consultant Services

Consultant contracts are issued for intellectual products of a specialized nature unique to a given situation or requirement. Consultant contracts may be awarded based on experience, qualifications and demonstrated competence. Approvals for consultant contracts are:

Orders **up to \$10,000** require Purchasing Division approval.

Orders **from \$10,000 to \$25,000** require Purchasing Division approval, based on an attempt to obtain at least three proposals.

Orders **over \$25,000** require Executive Committee approval.

### Sole Source Acquisitions

A sole source exists when materials, equipment or services are available from only one known supplier as the result of unique performance capabilities, manufacturing processes, compatibility requirements, or market conditions. Sole source approvals are as follows:

Orders **up to \$10,000** require Purchasing Division approval.

Orders **from \$10,000 to \$50,000** require Chief's approval.

Orders **over \$50,000** require Executive Committee approval.

### Public Works Contracts

Public Works is defined as "Any project that includes the erection, construction, alteration, repair, or improvement of any public structure, building or road". Approvals for public works contracts are as follows:

Orders **up to \$10,000** require Purchasing Division approval, based on a single informal quotation.

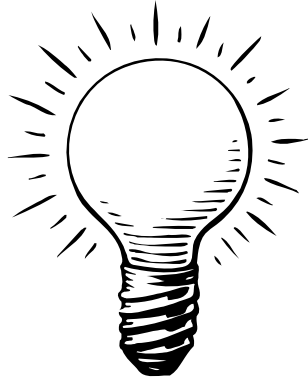
Orders **from \$10,000 to \$125,000** require Purchasing Division approval, based on an attempt to obtain at least three informal bids.

Orders **over \$125,000** require Board of Directors approval, after a formal bid solicitation process.

Note: Prevailing wages are required for public works projects exceeding \$1,000.

## METHODS OF ACQUISITION

There are several methods available to acquire goods and services. The specific method of acquisition depends on the nature of the request.



### Purchase Order

The most common means for acquiring goods and services is through the issuance of a purchase order. Purchase orders are issued from properly completed and authorized requisition forms available on SharePoint.

Purchase orders are important in that they establish a legally binding contract and provide a transaction record. These orders detail requirements that suppliers must follow (price, delivery instructions, billing information, etc.). They also contain terms and conditions that protect OCFA in the event of a dispute.

Minimum information required to submit properly completed purchase requisitions includes:

- Appropriate account number with available funds
- Authorized Signature
- Product description (must give adequate details)
- Estimated cost
- Delivery requirements
- Potential supplier(s)

Note: Account verification is required by Finance for all purchase requisitions over \$5,000.

### Confirming Purchase Order

Confirming purchase orders are issued under urgent circumstances, as when a requestor needs goods or services immediately to complete work-in-progress. The requestor contacts potential suppliers, solicits quotes, and selects the best one based on price and availability.

The requestor then contacts the Purchasing Division for a confirming purchase order number that authorizes the supplier to proceed with the transaction. A completed requisition form, with supporting documentation (i.e. packing slip and invoice), is then forwarded to Purchasing for processing. The confirming purchase order number must be referenced on the requisition to avoid duplicating the order.

### **Direct Payments (One-Time Purchases)**

Direct payments are issued for utilities, subscriptions, registrations, fees, licenses, and other regulated costs that cannot be bid or negotiated; therefore, a bid solicitation process would add little or no value. Payment is made directly to suppliers without the issuance of a purchase order.

Direct payments may be used for routine, small dollar orders where expediency in payment is desirable. Occasionally, direct payments may be made to a desired supplier who would otherwise not accept a purchase order.

A completed purchase requisition, with an invoice showing the actual purchase amount, must be submitted to the Purchasing Division for authorization before Accounts Payable can process payment.

### **Petty Cash**

Petty cash may be used for small dollar transactions. Employees pay out of pocket for authorized goods or services and are reimbursed for the expense. Accounts Payable maintains a central petty cash fund for headquarters, and several designated sections maintain satellite petty cash funds for their respective use.

Either a “Request for Reimbursement” or “Petty Cash Voucher” form, available on SharePoint, can be used to be reimbursed for petty cash expenditures.

Examples of allowable petty cash expenditures include: parking fees, bridge tolls, and taxi or shuttle fares.

### **Procurement Card**

Procurement cards can be used to make small dollar purchases that maintain operations and complete work-in-progress. Procurement cards are also an efficient means to pay for authorized travel-related expenses; such as, hotel, airfare, car rental and dining charges.

The procurement card program is administered by the Purchasing Office. Mandatory training is required. A Request for Procurement Card form is available on the OCFA intranet under “Forms - Purchasing”. Refer to SOP 109.04 and 109.05 for additional guidelines regarding procurement card use.

### **Service Center**

The Service Center stocks items of common usage necessary to maintain OCFA operations. These items include: office, janitorial, safety and medical supplies.



Most items carried in the Service Center have been competitively bid and are on contract. For consistency’s sake and to take advantage of favorable contract pricing, if an item is stocked in the Service Center, it should be ordered from the Service Center.

A Supply Order form, available on SharePoint, is used to acquire items stocked in the Service Center. Please refer to the Service Center catalog for items available from stock.

### **Travel Advances & Mileage Reimbursement**

Refer to SOP 106.02 and 106.03 for travel and mileage reimbursement guidelines.

### **REQUIREMENTS CONTRACTS**

Requirements contracts are agreements that have been set-up by the Purchasing Division to accommodate recurring material/services needs on an “as required” basis. This type of contract commits OCFA to purchase materials or services at mutually agreed prices over a defined period of time.

Requirements contracts may be initiated independently by OCFA or as the result of cooperative agreements with other governmental agencies. Examples of agency-wide requirements contracts include: office supplies, janitorial supplies, furniture, fuel, uniforms, and security guard services.

Materials and services available on requirements contracts should only be purchased from those contract vendors. Blanket purchase orders (BPO) are frequently issued to accommodate the ongoing material or service needs of requirements contracts.

### **REQUESTS FOR PROPOSAL**

Requests for Proposal (RFP) are issued when there are intangible aspects to a requirement where an outside consultant or supplier may add insight or some other unforeseen solution. RFPs are usually issued by the Purchasing Office; however, RFPs may be issued directly by requesting departments under Purchasing Division guidance.

OCFA does not necessarily need to award to the lowest respondent of an RFP. However, if not recommending award to the lowest respondent, justification for rejection of lower cost submittals must be documented.

Pre-proposal conferences may be scheduled to clarify issues, discuss specific characteristics of the project, answer questions, or conduct site inspections.

OCFA’s standard counsel-approved agreement is the preferred document to use to incorporate successful proposal characteristics in finalizing a contract.

RFPs should contain at a minimum the following elements:

- Statement of Work
- Delivery Schedule
- Evaluation Criteria
- Method of Payment

#### **Statement of Work**

The statement of work describes the work or services to be performed. This description should provide a general idea of what is required, usually by reference to performance criteria or a desired end result.

#### **Delivery Schedule**

A delivery schedule may be pre-defined or left up to the respondents to propose what is reasonable. Payments are normally associated with deliverables or “milestones” in a project.

**Evaluation Criteria**

Evaluation criteria should always include cost. Other factors to consider may be expertise, qualifications, experience, past performance, business standing and financial solvency, references, capacity and available resources, quality of product, life cycle costing, and understanding of proposal requirements. Criteria may be weighted or open-ended.

**Method of Payment**

The method of payment may be in the form of a lump sum payment, progress payments, or hourly payments. Usually, payment is tied to performance. Escalation clauses for multi-year agreements are typically limited to increases in the local Consumer Price Index or a fixed cap (e.g. not more than 5%).



**CONSULTANT SERVICES**

Consultant services are typically obtained through a Request for Proposal process. Consultant services have been characterized as “products of the mind”. Examples include architectural, engineering, land surveying, legal, and construction management services.

Consultant services need not be awarded to the lowest respondent. While cost should always be a consideration; award may be based on experience, qualifications, technical expertise and demonstrated competence. Selection is typically made through a competitive negotiation process.

Consultant services contracts exceeding \$25,000 require Executive Committee approval.

**COMPUTER PURCHASES**

The Information Technology Division (IT) is responsible for the security and integrity of the OCFA intranet. To ensure optimum intranet performance, IT must be aware of all peripherals and software that interface or connect with the system. IT also tracks most software license and hardware maintenance agreements.

Therefore, all computer hardware and software purchased for OCFA use requires prior Information Technology Division approval.



## INSURANCE

Proof of liability and property damage insurance is required whenever contract labor is performed on OCFA premises. Limits are established according to the degree of risk associated with the job in accordance with Risk Management guidelines.

Other forms of coverage, including worker's compensation, automobile, product liability, and errors and omissions insurance, may be requested to supplement general liability insurance. An indemnification and hold harmless waiver may be requested to offer further protection.

Contact the Purchasing Division or Risk Management for guidance.

## PUBLIC WORKS

Public Works is defined as *“Any project that includes the erection, construction, alteration, repair, or improvement of any public structure, building or road”*. Property Management is responsible for administering all public works projects. Substantial station enhancements are usually handled through the budget process as Capital Improvement Projects.

Contact the Property Management Division for additional information regarding public works projects.



## SOLE SOURCE ACQUISITIONS

A sole source describes a product or service available from only one known supplier as the result of unique performance capabilities, manufacturing processes, compatibility requirements or market conditions.

Sole source purchases should be avoided whenever possible, but sometimes cannot be helped. Whenever sole source purchases are made, written justification must be provided with the original request.

## VENDOR RELATIONS

Departments may speak directly with sales representatives to get information about a product or service. Outside suppliers may also be contacted for preliminary budget estimates.

Be weary. Sales representatives may use subtle or high pressure techniques to make you think that theirs is the only product or service that works. This is not always the case.

Contact the Purchasing Office for guidance in dealing with vendors.

### Vendor Registration

OCFA has implemented BidsOnline, a web-based vendor registration and bid management system. This system allows vendors to register on-line, receive automated email notification of bid opportunities and submit bids electronically.

Departments should encourage vendors wishing to do business with OCFA to register on-line as follows:

Go to <http://www.ocfa.org>

- Click on “About Us”
- Click on “Doing Business: OCFA”
- Select “Purchasing Home Page”
- Select “Register” from the top menu bar

There are no registration or subscription fees.

## Federal Funds

When using federal funds, or when it is anticipated that payment or reimbursement will be made by the federal government, the following procedure applies:

1. Prior to issuing an order, check the **Excluded Parties Listing System (EPLS)** at: <https://www.epls.gov>
2. Follow the instructions on the website for determining if a potential supplier is either suspended or debarred from receiving federal funds.
3. ***Do not release an order to any supplier listed on the EPLS.*** Another source must be identified that is not prohibited from receiving federal funds.
4. For multiple searches, customized preferences may be set-up using MyEPLS.

This procedure applies regardless of dollar amount or method of ordering.

Examples of federally funded programs include:

- FEMA - USAR Cooperative Agreement
- State Homeland Security Grant
- Urban Area Security Initiative (UASI)

### Gratuities

Gratuities in the form of entertainment, gifts, or remuneration to any OCFA employee are strictly forbidden and may result in debarment from doing business with OCFA.

### **FIXED ASSETS**

A fixed asset is any single piece of equipment valued in excess of \$5,000 (including shipping & sales tax), with a life expectancy of one year or more. Fixed assets must be included in OCFA's inventory for accounting and insurance purposes. Fixed asset tags are issued by Finance and must be affixed to the equipment upon receipt.

With few exceptions, fixed assets are tracked by location. If a fixed asset is moved from one location to another, Finance must be notified.

### **CHANGE ORDERS**

Often, once an order has been placed there is a need to request a change. The change may be as simple as adding an item or as extreme as canceling the entire order. Either way, any change should be formalized through a change order to minimize confusion and adjust the accounting.

Change orders are initiated through submittal of an authorized purchase requisition. Change orders may be issued for up to 15% of the original contract amount, not-to-exceed \$50,000.

### **EMERGENCY PURCHASES**

An emergency can be defined as *“A situation in which an unforeseen circumstance constitutes a threat of physical injury or death to individuals and/or serious damage or destruction to public property”*.



When there is an immediate need to protect public safety or welfare, there is usually not enough time to solicit bids through the Purchasing Office. An informal market search should be conducted by the requesting department to determine which contractor or supplier is available to remedy the situation.

Journals or logs should be kept to track efforts to obtain best value. These records are essential when filing claims and paying invoices. Depending on dollar amount of expenditure, notice to the Board of Directors may be required.

## SERVICE CENTER OPERATIONS

The Service Center is responsible to order, store, maintain, and issue a variety of specialized fire and emergency supplies, material, and personal protective equipment (PPE). A 24-hour logistical response is available in support of emergency incidents.



Additional responsibilities include surplus property disposal; mailroom services; shipping and receiving; certification & maintenance of breathing apparatus; and, repair and fabrication service for equipment, safety garments and tools.

Service Center staff also set-up and take down tables, chairs, and other items for Authority-wide sanctioned events (i.e. academy graduations, OCFA Christmas lunch, Opportunity Knocks, Project Excellence, United Way Bar-B-Q).

## Surplus Property Disposal

Disposal of all surplus OCFA material and equipment is handled by the Service Center. Surplus goods may be converted for departmental use, used as a trade-in, sold at public auction, sold as a separate lot, recycled, or discarded.

A memorandum describing the goods to be surplus, including asset tag numbers, and approved by your respective Section Chief should be sent to the Purchasing Division. Purchasing will determine the most advantageous means for disposing of the property. Service Center staff will direct the department to deliver the goods, arrange for delivery by a third party contractor, or will pick-up directly.

Materials and equipment may not be sold to OCFA employees unless the general public is given equal access to the purchase opportunity. Therefore, OCFA employees may only obtain surplus materials or equipment through public sale.

## Mail Service

Mail Service is the responsibility of the Service Center. Interoffice and US Mail is picked up twice daily at the RFOTC. Mail at the fire stations is delivered and picked up once a day by Service Center couriers.

Please contact the Service Center if you have an unusually large or recurring outgoing shipment. Service Center staff can also assist with special handling; such as, certified mail or overnight deliveries.

## FISCAL YEAR-END

The Purchasing Division establishes order cut-off dates at fiscal year-end. Departments are asked to plan their requirements in advance and to submit their requests to Purchasing early in the fiscal year.

Advanced planning provides adequate lead-time for bidding and awarding a purchase order or contract prior to the end of the fiscal year. Goods or services must be acquired, or an order placed, in the fiscal year for which funds are appropriated.

Requests received after the cut-off dates may not be filled. Monies appropriated for the expenditure would then revert to the General Fund or other appropriate accounts.



## CONTACT INFORMATION

### Purchasing Office

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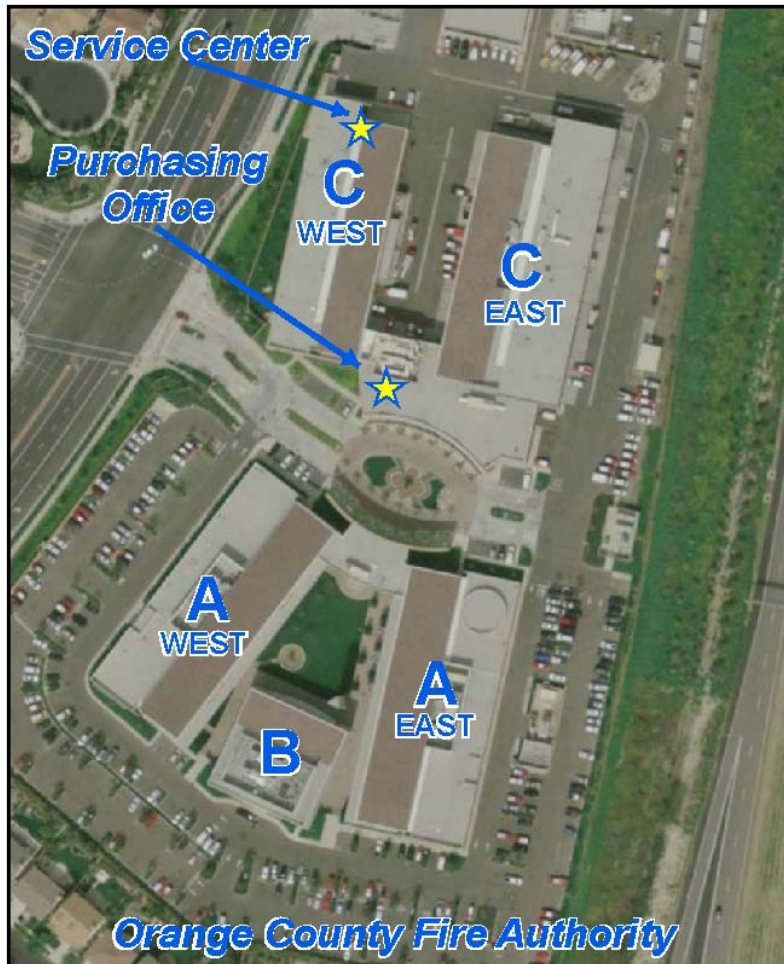
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### Service Center

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## STANDARDS OF PURCHASING PRACTICE

- To regard public service as a sacred trust, giving primary consideration to the interest of the public agency that employs us.
- To purchase without prejudice, seeking to obtain the maximum value for each dollar expended.
- To avoid unfair practices, giving all qualified vendors equal opportunity.
- To honor our obligations and require that obligations to our public agency be honored.
- To accord vendor representatives courteous treatment, remembering that these representatives are important sources of information and assistance in solving our purchasing needs.
- To refuse to accept any form of commercial bribery, and prevent any appearance of so doing.
- To be receptive to counsel from our colleagues, and to cooperate with them to promote a spirit of teamwork and unity.
- To conduct ourselves with fairness and dignity, and to demand honesty and truth in the purchasing process.
- To strive for greater knowledge of purchasing methods and of the materials we purchase.
- To cooperate with all organizations and individuals involved in activities designed to enhance the development of the purchasing profession, remembering that our actions reflect on the entire purchasing profession.





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