



AGENDA

CITY OF CITRUS HEIGHTS CITY COUNCIL

June 8, 2023

6:00 PM REGULAR MEETING

City Hall Council Chambers

6360 Fountain Square Drive, Citrus Heights, CA

HOW TO PARTICIPATE:

The City of Citrus Heights welcomes your interest and involvement in the City's legislative process. The Council may take up any agenda item at any time, regardless of the order listed. If you wish to address the Council during the meeting, please fill out a Speaker Identification Sheet and give it to the City Clerk. When you are called upon to speak, step forward to the podium and state your name for the record. Normally speakers are limited to five minutes each with 30 minutes being allowed for all comments. Any public comments beyond the initial 30 minutes may be heard at the conclusion of the agenda. The Mayor has the discretion to lengthen or shorten the allotted times. Alternatively, you may submit your comment by 4:00 p.m. on the meeting day to by completion of an online Speaker Card at <https://www.citrusheights.net/FormCenter/City-Council-Meetings-Speaker-Card-30>. Written public comments shall be limited to 250 words or less. Each comment will be read aloud by the City Clerk.

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6-8-2023 City Council Agenda Packet

Documents:

6-8-23 REGULAR COUNCIL AGENDA PACKET.PDF

CALL REGULAR MEETING TO ORDER

1. Flag Salute
2. Roll Call: Council Members: Karpinski· Costa, Lopez-Taff, Middleton, Daniels, Schaefer
3. Video Statement

APPROVAL OF AGENDA

PUBLIC COMMENT

PRESENTATIONS

4. Proclamation Of The City Of Citrus Heights Honoring Dave Mitchell, District Administrator Upon His Retirement From The Sunrise Recreation And Park District
5. Presentation By Republic Services - Contamination Penalties For Residential Customers

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

CONSENT CALENDAR

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action are requested by a Council Member.

6. SUBJECT: Approval Of Minutes

RECOMMENDATION: Approve the Minutes of the Meeting of May 25, 2023

7. SUBJECT: Approval Of Updates To Purchasing Policy And Asset Capitalization And Inventory Control Policy

STAFF REPORT: S. Talwar / A. Preciado

RECOMMENDATION: Staff recommends the City Council:

- a. Move to Adopt Resolution No. 2023- ____ a Resolution of the City Council of the City of Citrus Heights, California, Approving the Updates to the Purchasing Policy in Compliance with Senate Bill 1383; and
- b. Move to approve updates to the Asset Capitalization and Inventory Control Policy.

8. SUBJECT: Resolution Authorizing The City Manager To Execute An Agreement With The County Of Sacramento, And Cities Of Elk Grove, Folsom, Galt, Rancho Cordova, And Sacramento To Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements

STAFF REPORT: R. Cave / M. Poole

RECOMMENDATION: Adopt Resolution No. 2023 - ____ a Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements.

9. SUBJECT: Resolution Of Intention Of The City Council Of The City Of Citrus Heights To Record Delinquent Solid Waste Service Charges, Penalties And Interest On The Property Tax Roll

STAFF REPORT: R. Cave / M. Poole

RECOMMENDATION: Adopt Resolution No. 2023-____, A Resolution of Intention of the City Council of the City of Citrus Heights, California, to Record Delinquent Solid Waste Service Charges, Penalties and Interest on the Property Tax Roll

REGULAR CALENDAR

10. SUBJECT: Resolution Approving Community Projects Grant Awards

STAFF REPORT: M. Huber / C. Riddle

RECOMMENDATION: Adopt Resolution No. 2023- ____ a Resolution of the City Council of the City of Citrus Heights, California, Approving Community Projects Grant Awards

11. SUBJECT: Senate Bill 1 Road Maintenance And Rehabilitation Account Funding And Project Expenditure Plan For FY 2023-2024

STAFF REPORT: R. Cave / L. Blomquist

RECOMMENDATION: Adopt Resolution No. 2023- ____ a Resolution of the City Council of the City of Citrus Heights, California, Approving the Fiscal Year 2023-2024 Project List to be Funded by Senate Bill 1: The Road Repair and Accountability Act of 2017

DEPARTMENT REPORTS

12. SUBJECT: City Of Citrus Heights Website Redesign

DEPARTMENT: City Manager's Office / City Clerk

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS / FUTURE AGENDA ITEMS

ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
Regular Meeting of Thursday, June 8, 2023
City Hall Council Chambers, 6360 Fountain Square Dr., Citrus Heights, CA
Regular Meeting 6:00 p.m.**

HOW TO PARTICIPATE:

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June 2, 2023


 Amy Van, City Clerk

REGULAR CITY COUNCIL MEETING
6:00 PM**CALL REGULAR MEETING TO ORDER**

1. Flag Salute
2. Roll Call: Council Members: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
3. Video Statement

APPROVAL OF AGENDA**PUBLIC COMMENT****PRESENTATIONS**

4. Proclamation of the City of Citrus Heights Honoring Dave Mitchell, District Administrator upon His Retirement from the Sunrise Recreation and Park District
5. Presentation by Republic Services – Contamination Penalties for Residential Customers

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES**CONSENT CALENDAR**

It is recommended that all consent items be acted on simultaneously unless separate discussion and/or action are requested by a Council Member.

6. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Meeting of May 25, 2023
7. **SUBJECT:** Approval of Updates to Purchasing Policy and Asset Capitalization and Inventory Control Policy
STAFF REPORT: S. Talwar / A. Preciado
RECOMMENDATION: Staff recommends the City Council:
 - a. Move to Adopt Resolution No. 2023-___ a Resolution of the City Council of the City of Citrus Heights, California, Approving the Updates to the Purchasing Policy in Compliance with Senate Bill 1383; and
 - b. Move to approve updates to the Asset Capitalization and Inventory Control Policy.
8. **SUBJECT:** Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements
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 STAFF REPORT: R. Cave / M. Poole
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REGULAR CALENDAR

10. **SUBJECT:** Resolution Approving Community Projects Grant Awards
 STAFF REPORT: M. Huber / C. Riddle
 RECOMMENDATION: Adopt Resolution No. 2023-____ a Resolution of the City Council of the City of Citrus Heights, California, Approving Community Projects Grant Awards
11. **SUBJECT:** Senate Bill 1 Road Maintenance and Rehabilitation Account Funding and Project Expenditure Plan for FY 2023-2024
 STAFF REPORT: R. Cave / L. Blomquist
 RECOMMENDATION: Adopt Resolution No. 2023-____ a Resolution of the City Council of the City of Citrus Heights, California, Approving the Fiscal Year 2023-2024 Project List to be Funded by Senate Bill 1: The Road Repair and Accountability Act of 2017

DEPARTMENT REPORTS

12. **SUBJECT:** City of Citrus Heights Website Redesign
 DEPARTMENT: City Manager's Office / City Clerk

CITY MANAGER ITEMS

ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS

ADJOURNMENT

**CITY OF CITRUS HEIGHTS
CITY COUNCIL
MINUTES
Special / Regular Meeting of Thursday, May 25, 2023
City Hall Council Chambers
6360 Fountain Square Drive, Citrus Heights, CA**

CALL SPECIAL MEETING TO ORDER

The special meeting was called to order at 5:30 p.m. by Mayor Schaefer.

- | | | | |
|----|------------|---------------------------------|---|
| 1. | Roll Call: | Council Members present: | Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer |
| | | Council Members absent: | None |
| | | Staff present at the roll call: | Feeney, Jones and Van |

PUBLIC COMMENT

None

CLOSED SESSION

2. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of Litigation Pursuant to Government Code Section 54956.9 (4)(d)
4 Cases

The City Council, City Manager and City Attorney participated in the closed session.

REPORT OUT OF CLOSED SESSION

There was no reportable action from closed session.

ADJOURNMENT

Mayor Schaefer adjourned the special meeting at 5:59 p.m.

CALL REGULAR MEETING TO ORDER

The regular meeting was called to order at 6:00 p.m. by Mayor Schaefer.

1. The Flag Salute was led by Vice Mayor Daniels.
- | | | | |
|----|------------|--------------------------|---|
| 2. | Roll Call: | Council Members present: | Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer |
| | | Council Members absent: | None |
| | | Staff present: | Feeney, Huber, Jones, Nossardi, Singer, Talwar, Van and department directors. |
3. The video statement was read by City Clerk Van.

APPROVAL OF AGENDA

ACTION: On a motion by Vice Mayor Daniels, seconded by Council Member Lopez-Taff, the City Council approved the agenda.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

PUBLIC COMMENT

Mayor Schaefer presented the following certificates of recognition:

- Joseph Miller for achieving academic and athletic excellence and earning a scholarship to Southwest Minnesota State University
- Carolina Lewis for achieving academic and athletic excellence and earning a position on the Folsom Lake College Falcon Softball Team
- Edward Allen Stach for achieving the rank of Eagle Scout
- Michael Bell for achieving the rank of Eagle Scout

City Clerk Van read the following written comment from Krystal Kwong, "Hello. I'm hoping the council can help. Several folks have reached out for help previously. I'm sharing an update that in the past 3 months a dozen pet rabbits were abandoned at Crosswoods Community Park. All of them had zero survival instincts and needed veterinary care. Over the year, many rabbits tried to survive in the park by burrowing under the buildings and around the park. Sadly, there are many folks in the area who believe that this animal abuse is acceptable. For almost two years, I have been struggling to get support from the city, Sunrise Parks and Rec, and Sylvan Oaks library. There are rescues who have tried to help for much longer, but we've all struggled to get support from local agencies. If the council cannot help, could any of you help connect us with officials at the different agencies who manage these properties?"

City Clerk Van read the following written comment from Kristy Venrick-Mardon, "The rabbit dumping problem in Citrus Heights has been an on going problem for 40 years. Not only does it seem like no one cares about the illegal dumping but the parks department has it listed as an attraction on their Crosswoods Community Park page. In the last 3 months 12 rabbits were dumped at Crosswoods Community Park and a local rescue was only able to catch 10 of the 12. This is an issue that needs to be addressed immediately."

City Clerk Van read the following written comment from Elizabeth Ruppert, "What is the status on having cameras installed at Crosswoods community park? Dozens more rabbits have been dumped since we last spoke at the meeting, some in terrible health condition. Luckily a generous rescue takes them in and cares for there health but foster homes are running thin, we need to stop who is doing this. I think installing cameras would be helpful. Please have the city reach out directly to sunrise recreation to get cameras placed to help control this issue."

PRESENTATIONS:

4. Presentation by Republic Services –Recognition of 2023 High School Scholarship Winners

Ray Robinson with Republic Services provided an overview of the sustainability scholarship program in partnership with the San Juan Education Foundation. Certificates were presented to high school seniors Sophia Lane, Kaylee McAllister, and Bode Bresino.

COMMENTS BY COUNCIL MEMBERS AND REGIONAL BOARD UPDATES

Council Member Middleton did not have anything to report.

Council Member Karpinski-Costa attended the Regional San EchoWater Project Completion and Harvest Water Groundbreaking event. She attended the Brews in the Burbs event. She provided a report from the Sacramento-Yolo Mosquito and Vector Control District.

Council Member Lopez-Taff attended the CHASEN Neighborhood Association meeting with Assemblymember Josh Hoover as the guest speaker. She attended the Connect Citrus Heights meeting. She also attended the Brews in the Burbs event. She attended County Supervisor Sue Frost's community meeting at Citrus Heights City Hall. She provided a report from the Citrus Heights Chamber of Commerce Board meeting. She provided a report from the Sacramento Public Library Authority Board meeting.

Vice Mayor Daniels attended the CHASEN Neighborhood Association meeting with Assemblymember Josh Hoover as the guest speaker. He attended the Brews in the Burbs event. He provided a report from the Regional Transit Board meeting. He also provided a report from the Sacramento Metropolitan Air Quality Management District Board meeting. He attended, along with Council Member Karpinski-Costa, the San Juan Unified School District / City Council 2x2 meeting. He commended staff on the new Beatification Crew banners.

Mayor Schaefer provided a report from the Sacramento Area Council of Governments Board meeting. He attended County Supervisor Sue Frost's community meeting at Citrus Heights City Hall.

CONSENT CALENDAR

5. **SUBJECT:** Approval of Minutes
RECOMMENDATION: Approve the Minutes of the Meeting of May 11, 2023
6. **SUBJECT:** AB 481- Annual Renewal of Military Equipment Policy for the Police Department and Review of Annual Report
STAFF REPORT: M. Wells / N. Garing
RECOMMENDATION: Adopt Resolution No. 2023-036, a Resolution of the City of Citrus Heights, California, Renewing Its Military Equipment Policy
7. **SUBJECT:** Delegation of Authority to the City Engineer to Abandon Easements for Public Purposes, Pursuant to California Streets and Highway Code 8553(a)(2)
STAFF REPORT: R. Cave / L. Blomquist
RECOMMENDATION: Adopt Resolution No. 2023-037 a Resolution of the City Council of the City of Citrus Heights, California, Authorizing the City Engineer to Abandon Existing Deeds or Grants Conveying Any Interest In or Easement Upon Real Estate on Behalf of the City of Citrus Heights and Authorizing the City Clerk or Designee to Effect Recordation of Accepted Easements

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Middleton, the City Council adopted Consent Calendar Items 5, 6 and 7.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

PUBLIC HEARING

8. **SUBJECT:** 7086 Auburn Boulevard – Humle Beer House
Request for Letter of Public Convenience and Necessity (PLN-23-06)
STAFF REPORT: C. Kempenaar / A. Bermudez / E. Singer
RECOMMENDATION: Approve the Letter of Public Convenience and Necessity to allow the issuance of a Type 42 alcohol license for the sale of beer and wine at Humle Beer House located at 7086 Auburn Boulevard

Associate Planner Singer explained a Letter of Public Convenience and Necessity is required when the California Department of Alcoholic Beverage Control finds that a particular census tract is over concentrated with establishments that sell alcohol of a certain license type. The applicant, Humle Beer House, would be a new craft beer brew pub and they are requesting a Type 42 Alcohol License. He stated the Police Department has reviewed the application and has no objections to issuance of the license. He responded to questions from Council Members.

Mayor Schaefer opened the public hearing at 6:48 p.m.

Janis Jacox spoke in support of the item.

The project applicants for Humle Brew House provided an overview of their business operation plan and responded to questions from Council Members.

Mayor Schaefer closed the public hearing at 6:56 p.m.

City Council comments and questions followed.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Council Member Middleton, the City Council approved the Letter of Public Convenience and Necessity to allow the issuance of a Type 42 alcohol license for the sale of beer and wine at Humle Beer House located at 7086 Auburn Boulevard.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

REGULAR CALENDAR

9. **SUBJECT:** Fiscal Year (FY) 2023/2024 and 2024/2025 Budget Adoption
STAFF REPORT: S. Talwar / T. Nossardi
RECOMMENDATION: Staff recommends the following

- a. Adopt Resolution No. 2023-038 a Resolution of the City Council of the City of Citrus Heights, Approving the Budget for Fiscal Years 2023-24 and 2024-25; and
- b. Adopt Resolution No. 2023-039 a Resolution of the City Council of the City of Citrus Heights, California, Establishing an Appropriation Limit for Fiscal Year 2023- 24; and
- c. Adopt Resolution No. 2023-040 a Resolution of the City Council of the City of Citrus Heights California, Approving the Five Year Capital Improvement Program for Fiscal Years 2023/2024-2027/2028; and
- d. Adopt Resolution No. 2023-041 a Resolution of the City Council of the City of Citrus Heights California, Approving Use of American Rescue Plan Act Funds for Police Department Services

City Manager Feeney explained the City Council received a comprehensive presentation on the budget at the last Council meeting, and this presentation is going to be a higher-level summary.

Administrative Services Director Talwar and Finance Manager Nossardi provided an overview of the budget approach which focused on aligning with the Strategic Focus Areas, keeping a balanced budget, and continuing to be fiscally prudent. The City also remains focused on infrastructure improvements. The Fiscal Year 2023/24 General Fund proposed revenue is \$43,137,271 and proposed expenditures is \$39,803,048. The Fiscal Year 2024/25 General Fund proposed revenue is \$44,609,022 and proposed expenditures is \$41,299,430. Staff is requesting approval of about \$2.3 million in American Rescue Plan Act funding for rehiring of Public Safety staff to pre-pandemic levels and about \$400,000 for the fleet replacement program.

City Council comments and questions followed.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Vice Mayor Daniels, the City Council adopted Resolution No. 2023-038 a Resolution of the City Council of the City of Citrus Heights, Approving the Budget for Fiscal Years 2023-24 and 2024-25.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

ACTION: On a motion by Vice Mayor Daniels, seconded by Council Member Lopez-Taff, the City Council adopted Resolution No. 2023-039 a Resolution of the City Council of the City of Citrus Heights, California, Establishing an Appropriation Limit for Fiscal Year 2023- 24.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

ACTION: On a motion by Council Member Lopez-Taff, seconded by Council Member Middleton, the City Council adopted Resolution No. 2023-040 a Resolution of the City Council of the City of Citrus Heights California, Approving the Five Year Capital Improvement Program for Fiscal Years 2023/2024-2027/2028.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None

ABSENT: None

ACTION: On a motion by Council Member Middleton, seconded by Vice Mayor Daniels, the City Council adopted Resolution No. 2023-041 a Resolution of the City Council of the City of Citrus Heights California, Approving Use of American Rescue Plan Act Funds for Police Department Services.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

10. **SUBJECT:** History & Arts Grant Program Application – *Royal Stage*

STAFF REPORT: M. Huber

RECOMMENDATION: Adopt Resolution No. 2023-042, A Resolution of the City Council of the City of Citrus Heights, California, Approving the History & Arts Grant Program Application for Royal Stage

Economic Development and Community Engagement Director Huber explained the City has received a request from Royal Stage for \$10,000 for outreach and scholarships to Citrus Heights youth to participate in performing arts activities. Staff and the City Council Quality of Life Committee have recommended awarding \$5,000.

A representative with Royal Stage responded to questions from Council Members.

ACTION: On a motion by Council Member Karpinski-Costa, seconded by Vice Mayor Daniels, the City Council adopted Resolution No. 2023-042, A Resolution of the City Council of the City of Citrus Heights, California, Approving the History & Arts Grant Program Application for Royal Stage.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
NOES: None
ABSENT: None

11. **SUBJECT:** Approval of Sunrise MarketPlace Property-Based Improvement District 2022 Annual Report

STAFF REPORT: M. Huber

RECOMMENDATION: Adopt Resolution No. 2023-043, a Resolution of the City Council of the City of Citrus Heights, Approving the Sunrise MarketPlace 2022 Annual Report

Economic Development and Community Engagement Director Huber explained the Sunrise MarketPlace is the Property Improvement District that represents over 400 businesses in one of the most prominent commercial corridors in Citrus Heights. By law the District is required to provide an annual report to the City Council.

Kathilynn Carpenter with the Sunrise MarketPlace presented the 2022 Annual Report.

City Council questions and comments followed.

ACTION: On a motion by Vice Mayor Daniels, seconded by Council Member Lopez-Taff, the City Council adopted Resolution No. 2023-043, a Resolution of the City Council of the City of Citrus Heights, Approving the Sunrise MarketPlace 2022 Annual Report.

AYES: Karpinski-Costa, Lopez-Taff, Middleton, Daniels, Schaefer
 NOES: None
 ABSENT: None

12. **SUBJECT:** Citrus Heights Education Committee

STAFF REPORT: A. Van

RECOMMENDATION: Review and discuss the Ad Hoc 2x2 Committee's recommended work plan for the CHEC and provide direction to staff

City Clerk Van reported that on March 23, 2023, Council approved the formation of a temporary Citrus Heights Education Committee to examine the feasibility of a Citrus Heights school district. Council further tasked a City Council 2x2 Education Committee with developing a work plan for the Committee. On April 27, 2023, the proposed work plan and timeframe was presented to Council and as a result of Council deliberations the item did not receive majority consensus to move forward. On May 11, 2023, during Items Requested by Council Members a request was made to bring back the Citrus Heights Education Committee work plan and timeframe for Council consideration. She provided an overview of the proposed work plan. The Citrus Heights Education Committee is proposed to be composed of seven members, one member appointed by each Councilmember and two at-large members. She also provided an overview of the proposed timeline for the committee as follows:

DATE	ACTION
May 26	Application released and posted on the City's website; conduct community outreach
June 9	Applications due to the City
June 12	Applications would be sent to Council for review
June 22 Council Mtg.	Committee members appointed by City Council
July – October	Committee meetings to be held over a four-month period, or other schedule as determined by the City Council
November 9 Council Mtg.	The Committee's work program is expected to culminate in a policy recommendation to Council in November.

City Council questions and comments followed.

ACTION: On a motion by Vice Mayor Daniels, seconded by Mayor Schaefer, the City Council recommended moving forward with the Ad Hoc 2x2 Committee's recommended work plan for the Citrus Heights Education Committee as presented.

AYES: Lopez-Taff, Daniels, Schaefer
 NOES: Karpinski-Costa, Middleton
 ABSENT: None

DEPARTMENT REPORTS

None

CITY MANAGER ITEMS

City Manager Feeney announced some Memorial Day activities including the American Legion Citrus Heights Post 637 Memorial Day service at Sylvan Cemetery, and a free concert performance by The Ben Ali Shriner Band at the Veteran's Community Center. He also announced that signs and banners have been installed throughout the City for the Citrus Heights Cares campaign focusing on beautifying Citrus Heights.

ITEMS REQUESTED BY COUNCIL MEMBERS/ FUTURE AGENDA ITEMS

Mayor Schaefer requested a study session item or presentation to Council regarding the rabbits in the park and what measures have been taken to address the issue. Vice Mayor Daniels supported the request.

ADJOURNMENT

Mayor Schaefer adjourned the regular meeting at 8:15 p.m.

Respectfully submitted,

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: June 8, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Susan K. Talwar, Administrative Services Department Director
Alberto Preciado, Accounting Manager

SUBJECT: **Approval of Updates to Purchasing Policy and Asset Capitalization and Inventory Control Policy**

Summary and Recommendation

Staff recommends that the City Council:

- a. Move to Adopt Resolution No. 2023-___ approving the updates to the Purchasing Policy in compliance with Senate Bill 1383; and
- b. Move to approve the updates to the Asset Capitalization and Inventory Control Policy.

Fiscal Impact

There is no fiscal impact associated with this action.

Background and Analysis

Purchasing Policy

The City Council adopted the Purchasing Policy on October 10, 2001.

Senate Bill 1383 (SB1383) was passed in 2016. This bill establishes statewide targets to reduce disposal of organic waste. Some of the regulations included in the bill established requirements for how cities procure compost, mulch, and recycled-content paper. City staff have already had a practice that complies with many of the requirements and has begun implementation of SB 1383 procurement requirements; however, it is recommended that jurisdictions adopt a formal policy to guide compliance-related procurement and record keeping activities.

Subject: Approval of Updates to the Purchasing Policy and Asset Capitalization and Inventory Control Policy**Date: June 8, 2023****Page 2 of 3**

Staff worked with R3 Consulting Group and City Attorney Ryan Jones to develop updates to the City's Purchasing Policy to bring the policy into compliance with SB 1383.

The following is a summary of the proposed changes to the Purchasing Policy:

- Add a section for Environmentally Preferable Purchasing in compliance with SB 1383;
- Establish guidelines for:
 - the purchase of recycled-content products;
 - the purchase of renewable gas where appropriate;
 - the purchase of energy-efficient equipment where practical;
- Establish record-keeping for required documentation; and
- Define priorities and the implementation of an environmentally preferable purchasing program.

Capital Assets Policy

The City Council adopted the Asset Capitalization and Inventory Control Policy on January 14, 2004. The policy included thresholds based on recommendations from the Governmental Accounting Standards Board (GASB).

In Fiscal Year 2021-22, City staff implemented GASB Statement No. 87 which changed the way leases are recorded on the City's financial statements. For Fiscal Year 2022-23, City staff is implementing GASB Statement No. 96, which changes the way subscription-based information technology arrangements (SBITA) are recorded on the City's financial statements.

Staff worked with City Attorney Ryan Jones and the City's external audit firm, LSL, CPA's (LSL) to update the policy to provide guidance on accounting for leases and SBITA's in accordance with accounting standards.

Staff is also proposing an additional section to define art assets, and increases to the thresholds for capitalizing assets and infrastructure assets to take into account increased costs and ensure that only significant assets are being capitalized. The updated thresholds adhere to best practices identified by the Government Finance Officers Association (GFOA). Upon recommendation from LSL, staff is also proposing clarifications to the inventory section and the addition of a section for the impairment of capital assets.

The following is a summary of the proposed changes to the Asset Capitalization and Inventory Control Policy:

- Update capitalization threshold for general assets from \$5,000 to \$10,000;
- Update capitalization threshold for infrastructure assets from \$25,000 to \$50,000;
- Add a section to define Art and Historical Treasure assets; and
- Add a section for Lease and Subscription-Based Information Technology Arrangements.
- Update the section on Capital Asset inventory procedures
- Add a section for the impairment of Capital Assets

Subject: Approval of Updates to the Purchasing Policy and Asset Capitalization and Inventory Control Policy

Date: June 8, 2023

Page 3 of 3

Attachments

1. Resolution Approving the Purchasing Policy
 - a. Proposed Purchasing Policy (final version)
2. Proposed Purchasing Policy (redline version)
3. Proposed Asset Capitalization and Inventory Control Policy (final version)
4. Proposed Asset Capitalization and Inventory Control Policy (redline version)

RESOLUTION NO. 2023- ____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS,
CALIFORNIA, APPROVING THE UPDATES TO THE PURCHASING POLICY IN
COMPLIANCE WITH SENATE BILL 1383**

WHEREAS, consistent with legal compliance to the California Government Code;

WHEREAS, the purchasing policy has been updated to include requirements established under Senate Bill 1383 (SB 1383).

NOW THEREFORE BE IT RESOLVED AND ORDERED that the City Council of the City of Citrus Heights does approve updates to the City of Citrus Heights Purchasing Policy to ensure compliance with SB 1383.

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 8th day of June 2023 by the following vote, to wit:

AYES: Council Members:

NOES: Council Members:

ABSTAIN: Council Members:

ABSENT: Council Members:

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

Exhibit

A. City of Citrus Heights Purchasing Policy

City of Citrus Heights

Purchasing Policy

Adopted September 26, 2019

Updated June 8, 2023

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SCOPE OF POLICY

The provisions of this policy shall apply to:

- (a) All contracts funded by the City of Citrus Heights for research and development, professional studies, design and engineering, construction and construction-related matters, to the extent allowed by applicable law. Professional services shall not include the services of physicians and attorneys.
- (b) The purchase of goods and services.
- (c) Transfers between funds.
- (d) The disposition of surplus property.
- (e) Federally funded projects and purchases.

OVERVIEW OF THE PURCHASING PROCESS

The purchasing process is centralized (the Purchasing Agent coordinates purchases) for the following goods and services: computer hardware and software, and phones. The purchasing process is decentralized (the Initiator, the person or department requesting the merchandise or service, seeks out potential vendors, obtains the bids, and interacts with the vendor) for all other goods and services. The Purchasing Agent/Initiator is responsible for assuring that adequate budgeted funds are available. A purchase order may be requested from the Administrative Services Department. The Purchasing Agent/Initiator checks receipt of the merchandise or service. Approved invoices are forwarded to Finance for payment. Staging of purchases, also known as bid splitting, in order to avoid bidding procedures or authorization limits is prohibited. For projects that are not federally funded, a 5% bid evaluation-pricing preference will be given to businesses based in Citrus Heights. For procurement, information regarding projects and purchases funded with Federal funds see the section titled Federal Procurement. Each department is responsible for establishing a system of checks and balances throughout the purchasing process to help deter possible fraudulent activity.

PURCHASING AGENT

The Purchasing Agent shall be the Administrative Services Director or designee and shall provide a quarterly summary report to the City Manager of purchases made. The Purchasing Agent is responsible for overseeing the procurement of centralized goods and services, the administration of the Purchasing Policy and the management of surplus City property.

GIFTS AND UNAUTHORIZED PURCHASES

City employees, officers or officials are not entitled to any special consideration from vendors and merchants in their personal affairs nor are such city employees, officers, or officials to attempt to procure materials for the personal use of any other person. City employees, officers or officials shall not solicit or accept gifts except for those items that can be shared by all staff such as food and flowers. Such persons shall comply with all state conflict of interest laws including Government Code Section 1090, the Political Reform Act, and FPPC regulations. Except for emergencies or other authorized exemption, no purchases shall be made without specific authorization as outlined in this policy. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.

PURCHASING AUTHORIZATIONS

The following authorization limits apply to all purchases except Public Works Projects, which are covered by the Public Contract Code Section 20161, et seq., and the provisions in this policy below. See “Special Types of Purchases” (below) for additional information. Public Works Projects purchasing authorizations and information are listed at the end of this document.

Formal Bid – purchases more than \$50,000

Authority to award – City Council.

Formal bid or Request for Proposal process is required.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Formal Bid – purchases more than \$25,000 and up to \$50,000

Authority to award – City Manager or designee.

If possible, quotes must be received from three competitive sources.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Open Market (Informal Bid) – purchases more than \$5,000 and up to \$25,000

Authority to award – Department Directors or designee.

If practical, quotes must be received from three competitive sources.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Small Purchases – purchases of \$5,000 or less

Authority to award – Department Director or authorized designee.

Seek competitive quotations when feasible or rotate awards to local vendors.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

TYPES OF SOLICITATIONS

Requests for Bids (RFB)

An RFB is a request to vendors to submit an offer or quote for specific, defined goods or products. An RFB should be used when seeking fixed prices for goods with known specifications (e.g. Dell Computers). RFBs must be posted on the City’s website.

Requests for Proposals (RFP)

An RFP is a request to vendors to submit a proposal for goods or services for which the exact specifications or methodology of providing the desired goods or services is not defined. An RFP is generally used for more complex goods or services purchases. RFPs allow for consideration of factors other than price, including the qualifications of the vendor and the vendor's ability to perform. RFPs must be posted on the City's website.

Requests for Qualifications (RFQ)

An RFQ is a request for a statement of qualifications for a certain class of vendors or consultants. RFQs are used to develop On-call or Master Agreements. RFQs must be posted on the City's website.

SPECIAL TYPES OF PURCHASES

Purchases requiring Competitive Sealed Bids

Purchases requiring Competitive Sealed Proposals

Contracting for Professional Services

Cooperative Purchasing

Sole Source Purchasing

Open (Blanket) Purchases

Petty Cash Reimbursement

Credit Card Purchases

Emergency Purchases

Other Purchases

Purchases requiring Competitive Sealed Bids

- (a) All contracts greater than \$50,000 shall follow the Formal Bid process and be awarded by competitive sealed bidding. The City Manager is authorized to award contracts up to \$50,000. City Council approval is required for awards greater than \$50,000. Contracts shall not be staged or separated into smaller units or segments solely for the purpose of evading competitive bidding requirements.
- (b) Competitive Sealed Bidding Process.
 - (1) Invitation and Notice: An invitation for bids shall be issued and shall include specifications and all contractual terms and conditions applicable to the procurement. Adequate public notice of the invitation for bids shall be given not less than ten (10) calendar days prior to the date set forth therein for the opening of bids for contracts under \$50,000 and (thirty) 30 days for contracts over \$50,000. Such notice may include publication in a newspaper of general circulation a reasonable time prior to bid opening. The public notice and all invitations to bid shall state the place, date and time of bid opening and shall state that the bids should be submitted to the City Clerk or designee of the City Clerk. The notice will indicate whether a pre-bid walk through is required.
 - (2) Bid Opening: Bids shall be opened publicly in the presence of one or more witnesses at the place and not earlier than the time designated in the invitation for bids. The amount of each bid and such other relevant information as the City deems appropriate, together with the name of each bidder shall be open to public inspection in accordance with the policy.

- (3) Bid Evaluation and Acceptance: Bids received at or prior to the time set for bid opening shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluations that are not set forth in the invitation for bids.
- (4) Correction or Withdrawal of Bids: Subject to any provisions of federal or state granting authorities to the contrary, correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, shall be in accordance with this section. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, no corrections to bid or provisions shall be permitted but, in lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if:
 - (A) The mistake is clearly evident on the face of the bid document; or
 - (B) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made.

All decisions to permit the correction or withdrawal of bids shall be supported by a written determination made by the City.
- (5) Award: The contract shall be awarded by appropriate written notice to the lowest cost, responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.
- (c) Multi-Step Sealed Bidding: When it is considered impractical to prepare initially a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of unpriced offers to be followed by an invitation for bids limited to those bidders whose offers have been determined to be technically acceptable under the criteria set forth in the first solicitation.
- (d) Cancellation of Invitations: An invitation for bids, a request for proposals, or other solicitation may be cancelled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation. Each solicitation issued by the City shall state that the solicitation may be cancelled and that any bid or proposal may be rejected in whole or in part at the City's discretion with or without a showing of good cause.
- (e) Determination of Non-responsibility: If a bidder or offeror who otherwise would have been awarded a contract is found non-responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the City Manager or his or her delegate. The unreasonable failure of a bidder or offeror to supply promptly information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such bidder or offeror. A copy of the determination shall be sent promptly to the non-responsible bidder or offeror. The final determination shall be made part of the contract file and be made a public record.

- (f) Use of Subcontractors: All contracts between the City of Citrus Heights and its consultants, vendors, and contractors shall state that “should you (the consultant, vendor, or contractor) utilize subcontractors, vendors or consultants to fulfill this contract with the City, you agree to use all reasonable efforts to include Citrus Heights-based businesses in your bidding processes.”
- (g) Bid and Payment Bonds: Bid and payment bonds or other security may be requested for supply contracts or service contracts, as the City Attorney deems advisable to protect the City’s interests. Any such bonding requirements shall be set forth in the solicitation. Bid or payment bonds shall not be used as a substitute for a determination of a bidder’s or an offeror’s responsibility.

Purchases requiring Competitive Sealed Proposals

- (a) When the City determines that the use of competitive sealed bidding is either not practicable or not advantageous to the City, a contract may be entered into by use of the competitive sealed proposals method.
- (b) Competitive Sealed Proposals Process.
 - (1) Request for Proposals and Notice: Proposals shall be solicited through a request for proposals. Adequate public notice of the request for proposals shall be given in the same manner as provided for Competitive Sealed Bids; provided, the minimum time shall be fifteen (15) calendar days for contracts in the amount of \$50,000 or less and thirty (30) calendar days for contracts in the amount of more than \$50,000.
 - (2) Evaluation Factors: The request for proposals shall state the relative importance of price and other evaluation factors.
 - (3) Interviews with Responsible Offerors and Revisions to Proposals: As provided in the request for proposals, interviews may be conducted with responsible offerors whose proposals are responsive to the request for proposals for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing offerors or of any information derived from proposals submitted by competing offerors.
 - (4) Award: Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and the evaluation facts set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.
- (c) Cancellation of Invitations: See “Competitive Sealed Bids” (d) above.
- (d) Determination of Non-responsibility: See “Competitive Sealed Bids” (e) above.(e) Bid and Payment Bonds: See “Competitive Sealed Bids” (g) above.
- (f) Use of Subcontractors: See “Competitive Sealed Bids” (h) above.

Contracting for Professional Services

- (a) For the purpose of procuring the services of accountants, architects, engineers and other professionals, the City department or agency using such a professional may award a

contract for service in accordance with the purchasing authorizations and limitations of this policy. Special consideration for design/architect services is noted in (b)(4) below.

(b) Selection Procedure.

- (1) Request for Qualifications and Notice: Adequate notice of the need for the desired professional services shall be given by the City through a request for qualifications. The request for qualifications shall describe the services required, list the types of information and data required of each offeror, and state the relative importance of particular qualifications.
 - (2) Statement of Qualifications: Persons engaged in providing the designated types of professional services may submit statements of qualifications and expressions of interest in providing such professional services. The City may specify a uniform format for statements of qualifications. Persons may amend these statements at any time by filing a new statement.
 - (3) Interviews: The Director of the City department or agency or his or her designee using the professional services may conduct interviews with any offeror who has submitted a statement of qualifications for the purpose of ranking the qualifications of the offerors, based on the evaluation factors set forth in the request for qualifications. Interviews shall not disclose any information derived from statements submitted by other offerors.
 - (4) Award: Award shall be made to the offeror determined to be the best qualified based on the evaluation factors set forth in the request for qualifications, and negotiation of compensation determined to be fair and reasonable. If compensation cannot be agreed upon with the best-qualified offeror, then negotiations will be formally terminated with the selected offeror. If statements were submitted by one or more offerors determined to be qualified, negotiations may be conducted with such other offeror or offerors, in order of their respective qualification ranking, and the contract may be awarded to the offeror then ranked best qualified if the amount of compensation is determined to be fair and reasonable. In the case of design/architect services, the city will pick the most qualified candidate and THEN open the price envelope and negotiate price.
- (c) Cancellation of Invitations: See “Competitive Sealed Bids” (d) above.
- (d) Determination of Non-responsibility: See “Competitive Sealed Bids” (e) above.
- (e) Use of Subcontractors: See “Competitive Sealed Bids” (g) above.
- (f) Bid and Performance Bonds: See “Competitive Sealed Bids” (H) above.

Cooperative Purchasing

The City Manager is authorized to enter into cooperative purchasing arrangements with other governmental entities without separate competitive bidding by the City if a governmental agency has solicited bids and awarded a contract for services or materials which the City desires to obtain, and participation in such a purchase is agreeable to the bidder awarded the contract and the City Manager finds that participation in such group purchasing agreement is for the benefit of the City.

Sole Source Purchasing

A contract may be awarded without competition when the City determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply, service or construction item. The City Manager or his or her designee shall conduct

negotiations, as appropriate, as to price, delivery and terms. A statement of the basis for the sole source determination shall be placed in the contract file.

Open (Blanket) Purchases

Open procurement can be used when very similar goods or services are purchased frequently during the year. Generally, the individual purchases are small in relation to the total amount authorized. Authority to determine whether open procurement is appropriate rests with the City Manager. Examples are dead animal removal and office supplies. Bids and approvals must be obtained annually using the same criteria as for a single item purchase order.

Petty Cash Reimbursement

The Petty Cash Fund is used to reimburse purchases which were originally paid out-of-pocket by a City official or employee. Mileage reimbursement is also paid from the Petty Cash Fund at the Internal Revenue Service's standard mileage rates. Petty Cash reimbursements will either be paid in cash or by check, depending on the amount. Reimbursement requests less than \$50 will be paid in cash. Reimbursement requests greater than \$50 will be paid by check on the next accounts payable check date.

Credit Card Purchases

Each Department Director will be responsible for the credit cards issued in their department. Only a Department Director can request a new CAL-Card, using the CAL-Card Request Form. The credit card can only be used for authorized transactions.

- (a) Credit card purchases are limited to Small Purchases only. Guidelines and conditions for small purchases as set forth in this policy will be as follows:

The credit card shall **not** be used for:

- (1) Cash advances,
 - (2) Alcoholic beverages,
 - (3) Gambling or betting,
 - (4) Securities or insurance,
 - (5) Political or religious organizations,
 - (6) Tax payments,
 - (7) Court costs, fines, bail or bond payments,
 - (8) Lease or rental items
- (b) Credit cards are issued to individual employees and are to be used for official City business only. No personal transactions are allowed. Credit cards belong to the City and can be cancelled or revoked at any time at the discretion of the City Manager.
 - (c) Credit cards should only be used if a check request is not practical.
 - (d) The Cardholder's purchasing limit is determined according to specific needs and will be set by the Department Director and approved by the City Manager.
 - (e) Prior to receiving a credit card from the CAL-Card Administrator (Finance Manager), the employee must sign "Acknowledgement of Receipt of City Bank Card". By signing this form, the employee acknowledges:
 - (1) receipt of card,
 - (2) purchasing limits,
 - (3) and understands the rules/guidelines of the credit card portion of the Purchase Policy.

- (f) Each cardholder is to maintain and attach a CAL-Card Description Form to their monthly statement. Maintaining and submitting this form is mandatory.
- (g) It is the responsibility of the employee to furnish receipts for all credit card purchases.
- (h) CAL-Cards may be used for travel expenses such as meals not provided by the conference/seminar (meal expenses including gratuity must not exceed the Maximum Federal Rate), parking expenses, and fuel for a rental vehicle.
- (i) If there is a missing receipt and/or missing detail it is required that the employee write a memorandum, addressed to the City Manager providing information of the missing receipt and/or detail. Payment for purchases without receipts may become the responsibility of the employee.
- (j) The Approving Official (Department Director) shall be responsible for receiving statements from Cardholder whom they have authority each month. Approving Officials are responsible for reviewing the statements, assuring all purchases are authorized and comply with the Purchasing Policy, signing and forwarding the statements and backup by the 15th of the month to the Finance Division.
- (k) Should an employee lose or have his/her credit card stolen, it is their responsibility to contact the credit card company immediately. Also, they must notify their supervisor in writing one (1) working day after discovery. The supervisor must also notify the Purchasing Agent as soon as possible.
- (l) The cardholder is responsible for returning the CAL-Card to their Department Director upon termination.

Emergency Purchases

Notwithstanding any other provisions of this chapter, the City may make emergency purchases of supplies, services, or construction items when there exists a threat to public health, welfare, or safety; provided that such emergency purchases shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. In the case of contracts less than \$50,000, this determination shall be made by the City Manager and, in the case of contracts in the amount of \$50,000 or more, this determination shall be made retroactively by the City Council.

Other Purchases

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process or obtaining quotes is not applicable or where a check is required to accompany the order. Following is a list of allowable exceptions:

- (1) Advertisement and Notices
- (2) Courier/Deliverer/Messenger
- (3) Emergency Fuel Purchases
- (4) Insurance Claims and Premiums
- (5) Medical Payments (Physicians, lab)
- (6) Membership Dues
- (7) Court Fee
- (8) Payments to Other Governmental Units
- (9) Petty Cash Replenishment

- (10) Property Rentals
- (11) Lease of Real Property
- (12) Real Property/Easement Acquisition
- (13) Subscriptions
- (14) Trade Circulars or Books
- (15) Travel Expense/Advances

OPPORTUNITIES FOR CITRUS HEIGHTS AND SMALL DISADVANTAGED BUSINESS ENTERPRISES

- (a) It is the policy of the City of Citrus Heights to ensure full and equitable opportunities for Citrus Heights and Small Disadvantaged Business Enterprises to participate as contractors in the provision of goods and services to the City. Policies and programs that enhance the opportunities and entrepreneurial skills of Citrus Heights and Small Disadvantaged Business Enterprises will best serve the public interest because the growth and development of such businesses will have a significant positive impact on the economic health of the City.
- (b) On projects that are not Federally Funded, it is the City of Citrus Heights' policy that a 5% bid evaluation pricing preference be given to businesses located within its City limits. The public interest is also served by continuing to encourage businesses to locate and remain in Citrus Heights.
- (c) Initiators will make it a priority to seek vendors that are members of the Citrus Heights Chamber of Commerce and other Chambers that encourage diversity in the private sector.

SURPLUS SUPPLIES AND EQUIPMENT

- (a) Surplus property is used to generically describe any City property that is no longer needed or useable by the holding department. The Purchasing Agent or designee has the authority to declare item(s) with a market value of less than \$10,000 surplus. Items with a market value greater than \$10,000 will be formally declared surplus by the Council. Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Purchasing Agent of any surplus property.
- (b) The Purchasing Agent or designee shall determine or approve one of the following methods of disposition that is most appropriate and in the best interest of the City:
 - (1) *Transfer to Another Department*: Surplus property may be transferred between City departments.
 - (2) *Trade-In*: Property declared as surplus may be offered as a trade-in credit toward the acquisition of new property. All trade-in offers will be submitted to the Purchasing Agent for review and approval.
 - (3) *Disposal*: The Purchasing Agent may offer surplus property for sale. All surplus property is for sale "as is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale. Appropriate methods of disposal are as follows:
 - (1) *Public Auction*: Surplus property may be sold at public auction. City staff may conduct Public Auctions, use internet auction sites, or the City may contract with a professional auctioneer.

- (2) *Sealed Bids*: Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- (3) *Selling for Scrap*: Surplus property may be sold as scrap if the Purchasing Agent deems that the value of the raw material exceeds the value of the property as a whole.
- (4) *Negotiated Sale*: Surplus property may be sold outright if the Purchasing Agent determines that only one known buyer is available or interested in acquiring the property.
- (5) *No Value Item*: Where the Purchasing Agent determines that specific supplies or equipment are surplus and of minimal value to the City due to spoilage, obsolescence of other cause or where the Purchasing Agent determines that cost of disposal of such supplies or equipment would exceed the recovery value, the Purchasing Agent shall dispose of the same in such manner as he or she deems appropriate and in the best interest of the City.
- (c) Proceeds from the sale or trade-in of surplus property shall be returned to the appropriate fund.

PUBLIC WORKS PROJECTS

- (a) Public works projects over \$5,000 are subject to bidding and other requirements set forth by statutes, including Public Contract Code Section 20161, et seq. "Public works contracts" include contracts for a project for the erection, improvement, painting, or repair of public buildings and works; work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; street or sewer work, except maintenance or repair; and furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers.
- (b) Public works projects over \$1,000 are subject to prevailing wage law, consistent with Labor Code Section 1720, et seq. "Public works contracts" for the purpose of prevailing wage law are defined as the construction, alteration, demolition, or repair work done under contract and paid for in whole or in part out of public funds. Public Works contractors are required to register with the Department of Industrial Relations pursuant to the Labor Code.
- (c) Most of the public contracting statutes are contained in the California Public Contract Code. Other sources of public contracting statutes can be found in The Public Resources Code, Business and Professions Code, Civil Code, Government Code, Labor Code, and the Code of Regulations.

FEDERAL PROCUREMENT

- (a) **Purpose and Applicability.** This section pertains to Federally funded projects and purchases. The purpose of this section is to ensure compliance with all applicable Federal requirements when Federal money is being expended by the City. To the extent that any provisions of this policy are inconsistent with any other City regulations, the provisions of this policy shall prevail with respect to Federally-funded procurements. If any provisions of this policy become inconsistent with Federal requirements, whether due to a change in Federal law or regulations, through judicial precedent, or for any other reason, the City shall not be required to comply with the inconsistent provision.
- (b) **Solicitation Procedures**
 - (1) Acquisition of unnecessary or duplicative items must be avoided. Consideration

should be given to consolidating or dividing procurements to obtain a more economical purchase. When appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach. (2 CFR §200.318(d)).

- (2) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services, the City shall enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. (2 CFR §200.318(e)).
- (3) Procuring Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs shall be utilized. (2 CFR §200.318(f)).
- (4) Value engineering clauses may be used in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost. (2 CFR §200.318(g)).
- (5) Contracts shall only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. (2 CFR §200.318(h)).
- (6) Records will be maintained sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. The City Clerk will be the repository for said records and shall be maintained in accordance the City's records retention schedule. (2 CFR §200.318(i)).
- (7) Time and material type contracts as defined by may be used only after a determination that no other contract is suitable. Time and material type contract means a contract where the cost to the City is the sum of the actual cost of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expense, and profit. Each time and material contract will set a ceiling price that the contractor exceeds at its own risk. A higher degree of oversight is required in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls. (2 CFR §200.318(j)).
- (8) The City alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the City of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the City unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction. (2 CFR §200.318(k)).

(c) **Competition**

In compliance with the policy stated in 2 CFR §200.319, all procurement transactions must be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals will be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include, but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing an equal product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process. (2 CFR §200.319(a)).

Procurements shall be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. (2 CFR §200.319(b)).

All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standard to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used as a means to define the performance or other relevant requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated. (2 CFR §200.319(c)(1)).

Bids and proposals shall identify all the requirements which the offerors must fulfill and all other factors to be used in evaluation bids or proposals. (2 CFR §200.319(c)(2)).

- (d) **Methods of Procurement.** In addition to the City's purchasing provisions, one of the following methods should be used for purchasing and procurement:

- (1) **Micro-purchase:** Purchases where the aggregate dollar amount does not exceed \$3,000, or the current limitation set by the Federal Acquisition Regulation at 48 CFR §2.101, where this threshold is periodically adjusted for inflation. (2 CFR §200.320(a); 2 CFR §200.67). To the extent practicable, the City will distribute micro-purchases equitably among qualified suppliers.
- (2) **Small purchase:** Purchases up to the Simplified Acquisition threshold, which is currently \$150,000. Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from an adequate number of sources. (2 CFR §§200.320(b), 200.88; 2 CFR Part 200 Appendix II (A).)
- (3) **Sealed bid:** Purchases over the Simplified Acquisition threshold, which is currently \$150,000. (2 CFR Part 200 Appendix II (A).) Under this purchase method, formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price. (2 CFR §200.320(c)).
 - (a) This method is the preferred procurement method for construction contracts, if the following conditions apply:
 - (1) A complete, adequate, and realistic specification or purchase description is available;
 - (2) Two or more responsible bidders are willing and able to compete effectively for the business, and,
 - (3) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.
 - (b) If this method is used, the following requirements shall apply:
 - (1) The invitation for bids will be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date for opening the bids; (2 CFR §200.320(c)(2)(i)).
 - (2) The invitation for bids, which will include any specifications and pertinent attachments, must define the terms or services in order for the bidder to properly respond; (2 CFR §200.320(c)(2)(ii)).
 - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids; (2 CFR §200.320(c)(2)(iii)).
 - (4) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. (2 CFR §200.320(c)(2)(iv)). Where specified in bidding documents, factors such as discounts will only be used in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (5) Any or all bids may be rejected if there is a sound documented reason. (2 CFR §200.320(c)(2)(v)).
- (4) **Competitive proposals:** Purchases over the Simplified Acquisition threshold, which is currently \$150,000. (2 CFR Part 200 Appendix II (A).) This procurement method requires formal solicitation, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The

contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors. (2 CFR §200.320(d)). If this method is used, the following requirements apply:

- (a) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practicable; (2 CFR §200.320(d)(1)).
- (b) Proposals must be solicited from an adequate number of qualified sources; (2 CFR §200.320(d)(2)).
- (c) The methods for conducting technical evaluations of the proposals received and for selecting recipients may include, but not limited to: oral interviews, references, past performance, availability to perform work, and certifications as determined by project scope. Any response that takes exception to any mandatory items in this proposal process may be rejected and not considered; (2 CFR §200.320(d)(3));
- (d) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; (2 CFR §200.320(d)(4)) and,
- (e) Competitive proposal procedures may be used for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services, though A/E firms are a potential source to perform the proposed effort. (2 CFR §200.320(d)(5)).

(5) **Noncompetitive proposals:** Also known as sole-source procurement, this may be appropriate only when one or more of the following criteria are met:

- (a) The item is available only from a single source;
- (b) The public emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (c) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (d) After solicitation of a number of sources, competition is determined inadequate. (2 CFR §200.320(f)).

(e) **Contract Cost and Price.** A cost or price analysis shall be performed in connection with every procurement action in excess of the Simplified Acquisition threshold (currently \$150,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, independent estimates shall be made prior to receiving bids and proposals.

- (1) Profit shall be negotiated as a separate element of the price for each contract in which there is a no price competition and in all cases where cost analysis is

performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

- (2) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under Subpart E- Cost Principles of Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- (3) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall be used. (2 CFR §200.323)

(f) **Federal Awarding Agency or Pass-Through Entity Review.**

- (1) The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the City desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.
- (2) The City will make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
 - (a) Procurement procedures or operations fails to comply with the procurement standards in this part;
 - (b) The procurement is expected to exceed the Simplified Acquisition Threshold (\$150,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - (c) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
 - (d) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - (e) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.
- (3) The City is exempt from the pre-procurement review in paragraph 2 of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.
- (4) The City may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets

these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

- (5) The City may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review. (2 CFR § 200.324).

- (g) **Bonding Requirements.** For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (\$150,000), the Federal awarding or pass-through entity may accept the bonding policy and requirements of the City provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- (1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified;
- (2) A performance bond on the part of the contractor for 100 percent (100%) of the contract price. A performance bond is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract; and,
- (3) A payment bond on the part of the contractor for 100 percent (100%) of the contract price. A payment bond is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. (2 CFR § 200.325).

- (h) **Contracting with small and minority business, women's business enterprises, and labor surplus area firms.** All necessary affirmative steps will be taken to assure that minority business, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the

Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and,

- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
- (i) **Contract Provisions.** In accordance with 2 CFR §200.326, contracts with a Federal funding source must include the following compliance provisions, as applicable:
- (1) **Equal Employment Opportunity-** All contracts, when funded in whole or partly by monies derived from the Federal government (either directly or indirectly), shall contain a provision requiring compliance with Executive Order No. 11246 (Equal Employment Opportunity), as amended by Executive Order No. 11375 (requires nondiscrimination in contracting) and as supplemented in U.S. Department of Labor regulations. (2 CFR pt. 200 Appendix II(C)).
 - (2) **Remedies** – Contracts in excess of \$150,00 must contain provisions or conditions that will allow for administrative, contractual or legal remedies in instances when contractors violate or breach contract terms and provide for such sanctions and penalties as may be appropriate. (2 CFR pt. 200, Appendix II(A)).
 - (3) **Termination** – All contracts in excess of \$10,000 must address termination for cause and convenience by the City, including the manner by which it will be effected and the basis for settlement. (2 CFR pt. 200, Appendix II(B)).
 - (4) **Record Retention** – Contractors must be required to maintain all requisite records for 3 years after the City makes a final payment, unless a specific exception applies. (2 CFR §200.333). Contracts must contain a provision that the City, the federal grantor agency, the U.S. Comptroller General or any of their duly authorized representatives must have access to any books, documents, papers, and records of the contractor that are directly pertinent to that specific contract, for purposes of making audits, examinations, excerpts and transcripts. (2 CFR §200.336).
 - (5) **“Anti-Kickback”** - Applies to construction or repair contracts in excess of \$2,000. It prohibits kickbacks in construction contracts funded with Federal monies. Contractors and subcontractors or subrecipients shall be prohibited from inducing any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled and suspected or reported violations shall be immediately reported to the Federal awarding agency. (18 USC §874; 2 CFR pt. 200, Appendix II(D), 29 CFR pt. 3).
 - (6) **Davis-Bacon Act-** Applies to construction contracts in excess of \$2,000. It requires contracts to pay laborers and mechanics wages not less than the prevailing wage as determined by the Secretary of Labor and must be required to pay wages not less than once a week. Each bid solicitation published by the City must contain the current prevailing wage determination. Any award of the contract must be conditioned on contractor’s acceptance of that wage determination and suspected or reported violations of this act shall be immediately reported to the Federal awarding agency. (40 CFR §3141 et seq.,

2 CFR pt. 200, Appendix II(D), 29 CFR pt. 5.)

- (7) **Contract Work Hours & Safety Standards** – When applicable, all contracts awarded by recipients in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act, 40 USC §§3702, 3704; 2 CFR pt. 200, Appendix II(E)).
- (8) **Environmental Law Compliance** - Applies to contracts and sub grants in excess of \$150,000. Contractor shall be required to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 USC §7606) and the Clean Water Act. (42 USC §1368). Suspected or reported violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). 2 CFR pt. 200, Appendix II(G)).
- (9) **Debarment and Suspension**- Contracts funded with Federal grant monies may not be awarded to contractors that have been debarred or suspended from receiving Federal monies pursuant to the System for Award Management (SAM). (2 CFR §180).
- (10) **Byrd Anti-Lobbying Amendment**- Contractors that apply or bid for an award of \$100,000 must certify that they will not and have not used Federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award. (31 U.S.C. §1352).

ENVIRONMENTALLY PREFERABLE PURCHASING POLICY

(a) STATEMENT OF POLICY

It is the policy of the City of Citrus Heights (City) to:

- (1) Institute practices that reduce waste by increasing product efficiency and effectiveness;
- (2) Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable; and,
- (3) Purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine free manufacturing processes, are lead-free and mercury- free, and use wood from sustainably harvested forests to the greatest extent practicable.

(b) PURPOSE

This Policy is adopted in order to:

- (1) Conserve natural resources;
- (2) Minimize environmental impacts such as pollution and use of water and energy;
- (3) Eliminate or reduce toxics that create hazards to workers and our community;
- (4) Support strong recycling markets;
- (5) Reduce materials that are landfilled;
- (6) Increase the use and availability of environmentally preferable products that protect the environment;
- (7) Identify environmentally preferable products and distribution systems;

- (8) Reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services;
- (9) Comply with State requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383 procurement regulations (14 CCR § 18992 *et seq.*)) to procure a specified amount of Recovered Organic Waste Products, to purchase Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, and procure resources in a way that aligns with the City's goals; and,
- (10) Create a model for successfully purchasing environmentally preferable products that encourages other purchasers in our community to adopt similar goals.

(c) **SPECIFICATIONS**

(1) **Source Reduction**

- a. Citrus Heights shall institute practices that reduce waste and result in the purchase of fewer products whenever practicable and cost-effective, but without reducing safety or workplace quality.
- b. Citrus Heights shall purchase remanufactured products such as laser toner cartridges, tires, furniture, equipment and automotive parts whenever practicable, but without reducing safety, quality or effectiveness.
- c. Citrus Heights shall require all equipment bought after the adoption of this policy to be compatible with source reduction goals as referred to in this section, when practicable.
- d. All purchasers shall consider short-term and long-term costs in comparing product alternatives, when feasible. This includes evaluation of total costs expected during the time a product is owned, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs and expected lifetime compared to other alternatives.
- e. Products that are durable, long lasting, reusable or refillable are preferred whenever feasible.
- f. Citrus Heights requests vendors to eliminate packaging or use the minimum amount necessary for product protection, to the greatest extent practicable.
- g. Packaging that is reusable, recyclable or compostable is preferred, when suitable uses and programs exist.
- h. Vendors shall be encouraged to take back and reuse pallets and packaging materials.
- i. Suppliers of electronic equipment, including but not limited to computers, monitors, printers, and copiers, shall be required to take back equipment for reuse or environmentally safe recycling when Citrus Heights discards or replaces such equipment, whenever possible.

(2) **Recycled Content Products**

- a. All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines, such as those for printing paper, office paper, janitorial paper, construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and non-paper office products, shall contain the highest postconsumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.
- b. Consistent with Public Contracting Code 22150, if fitness and quality of Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper are equal to that of non-recycled items, all departments and divisions of the City shall purchase Recycled-Content Paper Products and Recycled-Content

Printing and Writing Paper (as defined) whenever available at the same or a lesser total cost than non-recycled items, consistent with the requirements of the Public Contracts Code, Sections 22150 through 22154 and Sections 12200 and 12209, as amended.

c. All Paper Products and Printing and Writing Paper shall be eligible to be labeled with an unqualified recyclable label as defined in Title 16 Code of Federal Regulations Section 260.12 (2013).

d. Records must be maintained by the City of all Paper Products and Printing and Writing Paper purchases on a schedule to be determined by the General Services Departments and not less than annually (both recycled-content and non-recycled content, if any is purchased) for all purchases made by a division or department or employee of the City.

e. All vendors that provide Paper Products (including janitorial Paper Products) and Printing and Writing Paper to the City shall:

1. Provide Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, if fitness and quality are equal to that of non-recycled item, and the product is available at equal or lesser price.
2. Certify in writing the minimum percentage of postconsumer material in the Paper Products and Printing and Writing Paper offered or sold to the City. This certification requirement may be waived if the percentage of postconsumer material in the Paper Products and/or Printing and Writing Paper can be verified by a product label, catalog, invoice, or a manufacturer or vendor internet website.
3. Only provide Paper Products and Printing and Writing Papers that meet Federal Trade Commission Recyclability standard as defined in Title 16 Code of Federal Regulations Section 260.12 (2013) [relating to correct labeling and marketing of products].
4. Provide records to the Purchaser for all Paper Products and Printing and Writing Paper on a schedule to be determined by the General Services Department.
5. All vendors providing printing services to the City via a printing contract or written agreement, shall use Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, if fitness and quality are equal to that of non-recycled item, and the product is available at equal or lesser price, or as amended by Public Contract Code Section 12209.

f. Copiers and printers bought shall be compatible with the use of recycled content products.

g. When specifying asphalt concrete, aggregate base or portland cement concrete for road construction projects, the City shall use recycled, reusable, or reground materials when practicable.

h. The City shall specify and purchase recycled content transportation products, including signs, cones, parking stops, delineators, and barricades when practicable.

(3) Gas and Oil Procurement

a. For Renewable Gas procurement (used for fuel for transportation, electricity, or heating applications), the City shall:

1. Procure Renewable Gas made from recovered Organic Waste for transportation fuel, electricity, and heating applications to the degree that it is appropriate and available for the Jurisdiction.
 2. Keep records in the same manner indicated in subsection c.10 (below) for the amount of Renewable Gas procured and used by the City, including the general procurement record information specified in subsection c.10., and ensure documentation is on file in the central filing location and on a schedule as determined by the General Services Department to and not less than annually. The City shall additionally obtain the documentation and submit records specified in subsection c.10. below, if applicable.
 - b. Per Public Contract Code Section 10409, the City shall purchase re-refined lubricating and industrial oil for use in its vehicles and other equipment, as long as it is certified by the American Petroleum Institute (API) as appropriate for use in such equipment.
- (4) **Energy and Water Savings**
- a. Where applicable and practicable, energy-efficient equipment shall be purchased with the most up-to-date energy efficiency functions. This includes, but is not limited to, high efficiency space heating systems and high efficiency space cooling equipment.
 - b. When practicable, the City shall replace inefficient lighting with energy-efficient equipment.
 - c. All products purchased by the City and for which the U.S. EPA Energy Star certification is available shall meet Energy Star certification, when practicable. When Energy Star labels are not available, purchasing agents shall choose energy-efficient products that are in the upper 25% of energy efficiency as designated by the Federal Energy Management Program (FEMA).
 - d. The City shall purchase water-saving products whenever practicable.
- (5) **Green Building - Construction and Renovations**
- a. All building and renovations undertaken by the City shall follow Green Building Practices for design, construction, and operation, where appropriate, as described in the LEED™ Rating System and meet California Green Building Standards Code, Part 11, Title 24, California Code of Regulations (CalGreen) and California's Model Water Efficient Landscape Ordinance (MWELo) requirements. Building and landscaping products, purchases, and use by the City shall be consistent with CalGreen and MWELo requirements.
- (6) **Landscaping**
- a. All landscape renovations, construction and maintenance by the City, including workers and contractors providing landscaping services for the City, shall employ sustainable landscape management techniques for design, construction, and maintenance whenever possible, including, but not limited to, integrated pest management, grasscycling, drip irrigation, composting, and procurement and use of mulch and compost.
 - b. The City, including through its Direct Service Providers, will make every effort to meet its annual procurement target for Recovered Organic Waste Products as determined by the State. Periodically, the General Services and Administrative Services Departments shall distribute information to City Staff on the Procurement target and specific products that meet the SB 1383 procurement requirements. Divisions and departments responsible for

landscaping maintenance, compost giveaways or other types of compost distribution shall:

1. Use SB 1383 Eligible Compost and SB 1383 Eligible Mulch produced from recovered Organic Waste, as defined in the Definitions section of this Policy, for landscaping maintenance as practicable, whenever available, and capable of meeting quality standards and criteria specified.
2. Ensure that SB 1383 Eligible Mulch producers annually certify that the mulch meets the definition contained in the Definitions section of this Policy through the following:
 - a. Copy of operation or facility permit or authorization; and
 - b. Copy of laboratory results confirming the mulch meets or exceeds the physical contamination, maximum metal concentration, and pathogen density standards for land application specified in 14 CCR Section 17852(a)(24.5)(A) 1 through 3.

Failure to provide the applicable certification documents on an annual basis or at the request of the City will result in the mulch no longer being eligible as a recovered organic waste product under this procurement policy.

3. Keep records, including invoices or proof of Recovered Organic Waste Product procurement (either through purchase or acquisition), and submit records to the General Services Department either directly or via a centralized file location on a schedule to be determined by the General Services Department. General Procurement Records shall include:
 - (i) General description of how and where the product was used and applied, if applicable;
 - (ii) Source of product, including name, physical location, and contact information for each entity, operation, or facility from whom the Recovered Organic Waste Products were procured;
 - (iii) Type of product;
 - (iv) Quantity of each product; and,
 - (v) Invoice or other record demonstrating purchase or procurement.
4. For Compost and SB 1383 Eligible Mulch provided to residents through giveaway events or other types of distribution methods, keep records of the Compost and SB 1383 Eligible Mulch provided to residents. Records shall be maintained and submitted to the General Services Department either directly or via a centralized file location in accordance with the requirements specified in subsection c.10.
5. When a Direct Service Provider for the City procures compost or mulch, enter into a written contract or agreement, or execute a purchase order between the City and Direct Service Provider with enforceable provisions that include:
 - (i) Definitions and specifications for SB 1383 Eligible Mulch, Compost, Renewable Gas, and/or Electricity Procured from Biomass Conversion; and,

- (ii) An enforcement mechanism (e.g., termination, liquidated damages) in the event the Direct Service Provider is not compliant with the requirements.
- 6. Ensure that projects subject to California's MWELO that will be used to meet the annual recovered organic waste product procurement target comply with CCR Title 23, Division 2, Chapter 2.7, Sections 492.6 (a)(3)(B), (C), (D), and (G).
- c. Plants should be selected to minimize waste by choosing species for purchase that are appropriate to the microclimate, species that can grow to their natural size in the space allotted them, and perennials rather than annuals for color when practicable. Native and drought-tolerant plants that require no or minimal watering once established are preferred.
- d. Hardscapes and landscape structures constructed of recycled content materials are encouraged. The City shall limit the amount of impervious surfaces in the landscape, wherever practicable. Permeable substitutes, such as permeable asphalt or pavers, are encouraged for walkways, patios, and driveways.
- (7) **Toxics and Pollution**
 - a. To the extent practicable, no cleaning or disinfecting products (i.e., for janitorial or automotive use) shall contain ingredients that are carcinogens, mutagens, or teratogens. These include chemicals listed by the U.S. E.P.A. or the National Institute for Occupational Safety and Health on the Toxics Release Inventory and those listed under Proposition 65 by the California Office of Environmental Health Hazard Assessment.
 - b. The use of chlorofluorocarbon-containing refrigerants, solvents and other products shall be phased out and new purchases shall not contain them.
 - c. All surfactants and detergents shall be readily biodegradable and, where practicable, shall not contain phosphates.
 - d. When maintaining buildings and landscapes, the City shall manage pest problems through prevention and physical, mechanical and biological controls where practicable. The City may implement pest management practices using the least toxic pest control as a last resort.
 - e. When maintaining buildings, the City shall use products with the lowest amount of volatile organic compounds (VOCs), highest recycled content, and low or no formaldehyde when purchasing materials such as paint, carpeting, adhesives, furniture and casework as practicable.
 - f. The City shall reduce or eliminate its use of products that contribute to the formation of dioxins and furans. This includes, but is not limited to:
 - 1. Purchasing paper, paper products, and janitorial paper products that are unbleached or that are processed without chlorine or chlorine derivatives, whenever possible.
 - 2. Prohibiting purchase of products that use polyvinyl chloride (PVC) such as, but not limited to, office binders, furniture, flooring, and medical supplies whenever practicable.
 - g. The City shall purchase products and equipment with no lead or mercury whenever possible. For products that contain lead or mercury, the City shall give preference to those products with lower quantities of these metals and to vendors with established lead and mercury recovery programs.
 - h. When replacing vehicles, the City shall consider vehicles that use less-polluting alternative fuels such as compressed natural gas, renewable natural gas

(RNG), biobased fuels, hybrids, electric batteries, and fuel cells, as available.

(8) **Forest Conservation**

a. To the greatest extent practicable, the City shall not procure wood products such as lumber and paper that originate from forests harvested in an environmentally unsustainable manner. When possible, the City shall give preference to wood products that are certified to be sustainably harvested by a comprehensive, performance-based certification system.

(9) **Agricultural Bio-Based Products**

a. Vehicle fuels made from non-wood, plant-based contents such as vegetable oils are encouraged whenever practicable.

b. Paper, paper products and construction products made from non-wood, plant-based contents such as agricultural crops and residues are encouraged whenever practicable.

(10) **Record Keeping**

a. Each purchasing agent is responsible to provide documentation required by SB 1383 directly to the General Services Department or to file required documentation of purchases subject to SB 1383 in the centralized file location as designated by the General Services Department. The General Services Department will be responsible for monitoring and reporting functions related to record-keeping pertaining to Procurement of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper. The General Services Department will do the following to track Procurement of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper:

1. Ensure the centralized file location designated by the General Services Department includes electronic copies of invoices or receipts (paper copies shall be scanned to the designated file location) or other proof of purchase that describe the procurement of Printing and Writing Paper and Paper Products, including the volume and type of all paper purchases; and, copies of certifications and other required verifications from all departments and/or divisions procuring Paper Products and Printing and Writing Paper (whether or not they contain recycled content) and/or from the vendors providing Printing and Writing Paper and Paper Products. These records must be kept as part of the City's documentation of its compliance with 14 CCR Section 18993.3.

(i) If non-Recycled-Content Paper Products and/or non-Recycled-Content Printing and Writing Paper are provided, include a description of why Recycled-Content Paper Products and/or Recycled-Content Printing and Writing Paper were not purchased.

2. Collect and collate copies of invoices or receipts or documentation evidencing procurement from all departments and divisions procuring Recovered Organic Waste Products and invoices or similar records from vendors/contractors/others procuring Recovered Organic Waste Products on behalf of the City to develop evidence of the City meeting its Annual Recovered Organic Waste Product Procurement Target. These records must be kept as part of the City's documentation of its compliance with 14 CCR Section 18993.1.
3. Collect, collate, and maintain documentation submitted by the City's

Direct Service Providers, and/or vendors, including the information reported to the Recordkeeping Designee.

4. Collect, collate, and maintain documentation submitted by the City's Direct Service Providers, and/or vendors, including the information reported to the Recordkeeping Designee

b. As required, compile data and report on the City's direct procurement, and vendor/other procurement on behalf of the City, of Recovered Organic Waste Products, Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, consistent with the requirements for Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper procurement.

(d) **PRIORITIES**

- (1) The health and safety of workers and citizens is of utmost importance and takes precedence over all other policies.
- (2) Citrus Heights has made and continues to make significant investments in developing a successful recycling system and recognizes that recycled content products are essential to the continuing viability of that recycling system and for the foundation of an environmentally sound production system. Therefore, to the greatest extent practicable, recycled content shall be included in products that also meet other specifications, such as chlorine free or bio-based.
- (3) Nothing contained in this policy shall be construed as requiring a department, purchaser, or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.
- (4) Nothing contained in this policy shall be construed as requiring a department, purchaser, or contractor to take any action that conflicts with local, state, or federal requirements.

(e) **IMPLEMENTATION**

- (1) The Finance Director shall implement this policy in coordination with other appropriate jurisdiction personnel.
- (2) Successful bidders shall certify in writing that the environmental attributes claimed in competitive bids are accurate. In compliance with State law, vendors shall be required to specify the minimum or actual percentage of recovered and postconsumer material in their products, even when such percentages are zero.
- (3) Upon request, buyers making the selection from competitive bids shall be able to provide justification for product choices that do not meet the environmentally preferable purchasing criteria in this policy.
- (4) Purchasers shall include businesses certified by the Sacramento Sustainable Business Program in requests for products and services.
- (5) Vendors, contractors, and grantees shall be encouraged to comply with applicable sections of this policy for products and services provided to the City, where practicable.

(f) **PROGRAM EVALUATION**

- (1) The Finance Director shall periodically evaluate the success of this policy's implementation.

(g) **DEFINITIONS**

- (1) "Agricultural Bio-Based Products" means commercial or industrial products (other than food or feed) that utilize agricultural crops or residues but does not include products made from forestry materials.
- (2) "Annual Recovered Organic Waste Product Procurement Target" means the

amount of Organic Waste in the form of a Recovered Organic Waste Product that the City is required to procure annually, based on population.

- (3) “Buyer” means anyone authorized to purchase or contract for purchases on behalf of this jurisdiction or its subdivisions.
- (4) “Chlorine free” means products processed without chlorine or chlorine derivatives.
- (5) “City” means the City of Citrus Heights elected officials, staff, and agencies.
- (6) “Compost (SB 1383 Eligible)” means the product resulting from the controlled biological decomposition of organic solid wastes that are source separated from the municipal solid waste stream or which are separated at a centralized facility or as otherwise defined in 14 CCR 17896.2(a)(4).
- (7) “Compostable” means material that is biodegradable during composting to yield carbon dioxide, water and inorganic compounds, and biomass at a rate consistent with other known compostable materials and leaves no visually distinguishable or toxic residues.
- (8) “Contractor” means any person, group of persons, business, consultant, designing architect, association, partnership, corporation, supplier, vendor, or other entity that has a contract with Citrus Heights or serves in a subcontracting capacity with an entity having a contract with Citrus Heights for the provision of goods or services.
- (9) “Direct Service Provider” means a person, company, agency, contractor, or other entity that provides a service or services to the City through a contractual or other written agreement or as otherwise defined in 14 CCR Section 18982(a)(17).
- (10) “Dioxins and furans” are a group of chemical compounds that are classified as persistent, bioaccumulative, and toxic by the Environmental Protection Agency.
- (11) “Electricity Procured from Biomass Conversion” means electricity generated from biomass facilities that convert recovered Organic Waste, such as landscaping waste from the municipal stream, into electricity, and is therefore eligible to meet the City’s Annual Recovered Organic Waste Product Procurement Target.
- (12) “Energy Star” means the U.S. EPA’s energy efficiency product labeling program.
- (13) “Energy Efficient Product” means a product that is in the upper 25% of energy efficiency for all similar products, or that is at least 10% more efficient than the minimum level that meets Federal standards.
- (14) “Federal Energy Management Program” is a program of the Department of Energy that issues a series of Product Energy Efficiency Recommendations that identify recommended efficiency levels for energy-using products.
- (15) The “Forest Stewardship Council” is a global organization that certifies responsible, on- the-ground forest management according to rigorous standards developed by a broad variety of stakeholder groups.
- (16) “Integrated Pest Management (IPM)” is an ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties. Pesticides are used only after monitoring indicates they are needed according to established guidelines, and treatments are made with the goal of removing only the target organism. Pest control materials are selected and applied in a manner that minimizes risks to human health, beneficial and nontarget organisms, and the environment.
- (17) “LEEDTM Rating System” means the most recent version of the Leadership in Energy and Environmental Design (LEED) Rating System, approved by the U.S. Green Building Council, and designed for rating new and existing commercial, institutional, and residential buildings.

- (18) “Organic Pest Management” prohibits the use and application of toxic chemical pesticides and strives to prevent pest problems through the application of natural, organic horticultural and maintenance practices. All pest control products shall be in keeping with, but not limited to, those products on the approved list of California Certified Organic Foods (CCOF).
- (19) “Organic Waste” means solid waste containing material originated from living organisms and their metabolic waste products including, but not limited to, food, yard trimmings, organic textiles and carpets, lumber, wood, Paper Products, Printing and Writing Paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.
- (20) “Paper Products” include, but are not limited to, paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging files, corrugated boxes, tissue, and toweling; or as otherwise defined in 14 CCR Section 18982(a)(51).
- (21) "Postconsumer Material" means a finished material which would normally be disposed of as a solid waste, having reached its intended end-use and completed its life cycle as a consumer item, and does not include manufacturing or converting wastes.
- (22) “Practical” and “Practicable” mean whenever possible and compatible with local, state, and federal law, without reducing safety, quality, or effectiveness and where the product or service is available at a reasonable cost in a reasonable period of time.
- (23) “Preconsumer Material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Preconsumer material does not include mill and manufacturing trim, scrap, or broke which is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.
- (24) “Printing and Writing Papers” include, but are not limited to, copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, reports, magazines, and publications; or as otherwise defined in 14 CCR Section 18982(a)(54).
- (25) “Procurement of Recovered Organic Waste Products” shall mean purchase or acquisition of (e.g., free delivery or free distribution from a hauler or other entity via a written agreement or contract) Organic Waste Products and end use by the City. The City’s Annual Recovered Organic Waste Product Procurement Target can be fulfilled directly by the City or by Direct Service Providers through written contracts or agreements for Procurement of Recovered Organic Waste Products at the City’s behest.
- (26) “Proposition 65” means a list of chemicals that are known to the State of California to cause cancer, birth defects or other reproductive harm.
- (27) “Recordkeeping” means the system established by this policy and the General Services and Administrative Services departments used to track procurement and maintain records that includes Recovered Organic Waste Product procurement efforts by the City.
- (28) “Recovered Material” means fragments of products or finished products of a manufacturing process, which has converted a resource into a commodity of real economic value and includes preconsumer and postconsumer material but does

not include excess resources of the manufacturing process.

- (29) “Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper” means such products that consist of at least thirty percent (30%) recycled materials, by fiber weight, post-consumer fiber, or as-much as one hundred percent (100%) post-consumer fiber by fiber weight, consistent with the requirements of Sections 22150 to 22154 and Sections 12200 and 12209 of the Public Contract Code, as they may be amended from time to time.
- (30) “Recycled Content” means the percentage of recovered material, including preconsumer and postconsumer materials, in a product.
- (31) “Recycled Content Standard” means the minimum level of recovered material and/or postconsumer material necessary for products to qualify as “recycled products.”
- (32) “Recycled Material” means material and byproducts that have been recovered or diverted from solid waste and have been utilized in place of raw or virgin material in manufacturing a product. It is derived from post-consumer recycled material, manufacturing waste, industrial scrap, agricultural waste, and other waste material, but does not include material or byproducts generated from, and commonly reused within, an original manufacturing process.
- (33) “Recycled Product” means a product that meets the City’s recycled content policy objectives for postconsumer and recovered material.
- (34) “Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.
- (35) “Renewable Gas” means gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by the State, or as otherwise defined in 14 CCR 18982(a)(62).
- (36) “Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting or minor repairs.
- (37) “Sacramento Sustainable Business Program” is a free service sponsored by local government agencies and utility providers. It certifies and promotes businesses and other organizations that pledge to adopt environmentally friendly practices and conserve resources.
- (38) “SB 1383” means Senate Bill 1383 approved by the Governor on September 19, 2016, which establishes methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants, as amended, supplemented, superseded, and replaced.
- (39) “SB 1383 Eligible Compost” means the product resulting from the controlled biological decomposition of organic solid wastes that is produced at an approved facility and in such a way that makes it eligible to meet the Annual Recovered Organic Waste Product Procurement Target, as defined by CalRecycle.
- (40) “SB 1383 Eligible Mulch” means mulch eligible to meet the Annual Recovered Organic Waste Product Procurement Target, pursuant to 14 CCR Chapter 12 of Division 7. This SB 1383 Eligible Mulch shall meet the following conditions for the duration of the applicable procurement compliance year, as specified by 14 CCR Section 18993.1(f)(4): Must meet or exceed the physical contamination, maximum metal concentration, and pathogen density standards for land application specified in 14 CCR 17852(a)(24.5)(A) 1 through 3 and must be

produced at one of the following facilities:

- a. A compostable material handling operation or facility as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under 14 CCR Division 7, other than a chipping and grinding operation or facility as defined in 14 CCR 17852(a)(10);
 - b. A transfer/processing facility or transfer/processing operation as defined in 14 CCR 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR Division 7; or,
 - c. A solid waste landfill as defined in Public Resources Code Section 40195.1 that is permitted under 27 CCR Division 2.
- (41) “SB 1383 Regulations” or “SB 1383 Regulatory” means or refers to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted in 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.
- (42) “Source Reduction” refers to products that result in a net reduction in the generation of waste compared to their previous or alternate version and includes durable, reusable, and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced, packaging.
- (43) The “Toxics Release Inventory” (TRI) is a publicly available U.S. EPA database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities.
- (44) “U.S. EPA Guidelines” means the Comprehensive Procurement Guidelines established by the U.S. Environmental Protection Agency for federal agency purchases as of May 2002 and any subsequent versions adopted.
- (45) “Vendor” means a person or company who provides goods or services. A vendor can also be referred to as a supplier or direct service provider.
- (46) “Water-Saving Products” are those that are in the upper 25% of water conservation for all similar products, or at least 10% more water-conserving than the minimum level that meets the Federal standards.

EFFECTIVE DATE

This policy shall take effect on June 8, 2023.

City of Citrus Heights

Purchasing Policy

Adopted September 26, 2019

Updated ~~XX~~June 8, ~~January 1, 2022~~2023

~~Proposed Updates as of 05/02/2023/mp~~



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SCOPE OF POLICY

The provisions of this policy shall apply to:

- (a) All contracts funded by the City of Citrus Heights for research and development, professional studies, design and engineering, construction and construction-related matters, to the extent allowed by applicable law. Professional services shall not include the services of physicians and attorneys.
- (b) The purchase of goods and services.
- (c) Transfers between funds.
- (d) The disposition of surplus property.
- (e) Federally funded projects and purchases.

OVERVIEW OF THE PURCHASING PROCESS

The purchasing process is centralized (the Purchasing Agent coordinates purchases) for the following goods and services: computer hardware and software, and phones. The purchasing process is decentralized (the Initiator, the person or department requesting the merchandise or service, seeks out potential vendors, obtains the bids, and interacts with the vendor) for all other goods and services. The Purchasing Agent/Initiator is responsible for assuring that adequate budgeted funds are available. A purchase order may be requested from the Administrative Services Department. The Purchasing Agent/Initiator checks receipt of the merchandise or service. Approved invoices are forwarded to Finance for payment. Staging of purchases, also known as bid splitting, in order to avoid bidding procedures or authorization limits is prohibited. For projects that are not federally funded, a 5% bid evaluation-pricing preference will be given to businesses based in Citrus Heights. For procurement, information regarding projects and purchases funded with Federal funds see the section titled Federal Procurement. Each department is responsible for establishing a system of checks and balances throughout the purchasing process to help deter possible fraudulent activity.

PURCHASING AGENT

The Purchasing Agent shall be the ~~Assistant City Manager~~ [Administrative Services Director or designee](#) and shall provide a quarterly summary report to the City Manager of purchases made. The Purchasing Agent is responsible for overseeing the procurement of centralized goods and services, the administration of the Purchasing Policy and the management of surplus City property.

GIFTS AND UNAUTHORIZED PURCHASES

City employees, officers or officials are not entitled to any special consideration from vendors and merchants in their personal affairs nor are such city employees, officers, or officials to attempt to procure materials for the personal use of any other person. City employees, officers or officials shall not solicit or accept gifts except for those items that can be shared by all staff such as food and flowers. Such persons shall comply with all state conflict of interest laws including Government Code Section 1090, the Political Reform Act, and FPPC regulations. Except for emergencies or other authorized exemption, no purchases shall be made without specific authorization as outlined in this policy. The person ordering the unauthorized purchase may be held personally liable for the costs of the purchase or contract.

PURCHASING AUTHORIZATIONS

The following authorization limits apply to all purchases except Public Works Projects, which are covered by the Public Contract Code Section 20161, et seq., and the provisions in this policy below. See “Special Types of Purchases” (below) for additional information. Public Works Projects purchasing authorizations and information are listed at the end of this document.

Formal Bid – purchases more than \$50,000

Authority to award – City Council.

Formal bid or Request for Proposal process is required.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Formal Bid – purchases more than \$25,000 and up to \$50,000

Authority to award – City Manager or designee.

If possible, quotes must be received from three competitive sources.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Open Market (Informal Bid) – purchases more than \$5,000 and up to \$25,000

Authority to award – Department Directors or designee.

If practical, quotes must be received from three competitive sources.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

Staging of purchases (i.e., bid splitting) in order to avoid authorization limits is prohibited.

Small Purchases – purchases of \$5,000 or less

Authority to award – Department Director or authorized designee.

Seek competitive quotations when feasible or rotate awards to local vendors.

Award to the lowest cost, responsive, responsible bidder. In the event of a tie, award to the business located in Citrus Heights.

TYPES OF SOLICITATIONS

Requests for Bids (RFB)

An RFB is a request to vendors to submit an offer or quote for specific, defined goods or products.

An RFB should be used when seeking fixed prices for goods with known specifications (e.g. Dell Computers). RFBs must be posted on the City’s website.

Requests for Proposals (RFP)

An RFP is a request to vendors to submit a proposal for goods or services for which the exact specifications or methodology of providing the desired goods or services is not defined. An RFP is generally used for more complex goods or services purchases. RFPs allow for consideration of factors other than price, including the qualifications of the vendor and the vendor's ability to perform. RFPs must be posted on the City's website.

Requests for Qualifications (RFQ)

An RFQ is a request for a statement of qualifications for a certain class of vendors or consultants. RFQs are used to develop On-call or Master Agreements. RFQs must be posted on the City's website.

SPECIAL TYPES OF PURCHASES

Purchases requiring Competitive Sealed Bids

Purchases requiring Competitive Sealed Proposals

Contracting for Professional Services

Cooperative Purchasing

Sole Source Purchasing

Open (Blanket) Purchases

Petty Cash Reimbursement

Credit Card Purchases

Emergency Purchases

Other Purchases

Purchases requiring Competitive Sealed Bids

- (a) All contracts greater than \$50,000 shall follow the Formal Bid process and be awarded by competitive sealed bidding. The City Manager is authorized to award contracts up to \$50,000. City Council approval is required for awards greater than \$50,000. Contracts shall not be staged or separated into smaller units or segments solely for the purpose of evading competitive bidding requirements.
- (b) Competitive Sealed Bidding Process.
 - (1) Invitation and Notice: An invitation for bids shall be issued and shall include specifications and all contractual terms and conditions applicable to the procurement. Adequate public notice of the invitation for bids shall be given not less than ten (10) calendar days prior to the date set forth therein for the opening of bids for contracts under \$50,000 and (thirty) 30 days for contracts over \$50,000. Such notice may include publication in a newspaper of general circulation a reasonable time prior to bid opening. The public notice and all invitations to bid shall state the place, date and time of bid opening and shall state that the bids should be submitted to the City Clerk or designee of the City Clerk. The notice will indicate whether a pre-bid walk through is required.
 - (2) Bid Opening: Bids shall be opened publicly in the presence of one or more witnesses at the place and not earlier than the time designated in the invitation for bids. The amount of each bid and such other relevant information as the City deems appropriate, together with the name of each bidder shall be open to public inspection in accordance with the policy.

- (3) Bid Evaluation and Acceptance: Bids received at or prior to the time set for bid opening shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluations that are not set forth in the invitation for bids.
- (4) Correction or Withdrawal of Bids: Subject to any provisions of federal or state granting authorities to the contrary, correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, shall be in accordance with this section. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, no corrections to bid or provisions shall be permitted but, in lieu of bid correction, a low bidder alleging a material mistake of fact may be permitted to withdraw its bid if:
 - (A) The mistake is clearly evident on the face of the bid document; or
 - (B) The bidder submits evidence that clearly and convincingly demonstrates that a mistake was made.

All decisions to permit the correction or withdrawal of bids shall be supported by a written determination made by the City.
- (5) Award: The contract shall be awarded by appropriate written notice to the lowest cost, responsible and responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids.
- (c) Multi-Step Sealed Bidding: When it is considered impractical to prepare initially a purchase description to support an award based on price, an invitation for bids may be issued requesting the submission of unpriced offers to be followed by an invitation for bids limited to those bidders whose offers have been determined to be technically acceptable under the criteria set forth in the first solicitation.
- (d) Cancellation of Invitations: An invitation for bids, a request for proposals, or other solicitation may be cancelled, or any or all bids or proposals may be rejected in whole or in part as may be specified in the solicitation. Each solicitation issued by the City shall state that the solicitation may be cancelled and that any bid or proposal may be rejected in whole or in part at the City's discretion with or without a showing of good cause.
- (e) Determination of Non-responsibility: If a bidder or offeror who otherwise would have been awarded a contract is found non-responsible, a written determination of non-responsibility, setting forth the basis of the finding, shall be prepared by the City Manager or his or her delegate. The unreasonable failure of a bidder or offeror to supply promptly information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to such bidder or offeror. A copy of the determination shall be sent promptly to the non-responsible bidder or offeror. The final determination shall be made part of the contract file and be made a public record.

- (f) Use of Subcontractors: All contracts between the City of Citrus Heights and its consultants, vendors, and contractors shall state that “should you (the consultant, vendor, or contractor) utilize subcontractors, vendors or consultants to fulfill this contract with the City, you agree to use all reasonable efforts to include Citrus Heights-based businesses in your bidding processes.”
- (g) Bid and Payment Bonds: Bid and payment bonds or other security may be requested for supply contracts or service contracts, as the City Attorney deems advisable to protect the City’s interests. Any such bonding requirements shall be set forth in the solicitation. Bid or payment bonds shall not be used as a substitute for a determination of a bidder’s or an offeror’s responsibility.

Purchases requiring Competitive Sealed Proposals

- (a) When the City determines that the use of competitive sealed bidding is either not practicable or not advantageous to the City, a contract may be entered into by use of the competitive sealed proposals method.
- (b) Competitive Sealed Proposals Process.
 - (1) Request for Proposals and Notice: Proposals shall be solicited through a request for proposals. Adequate public notice of the request for proposals shall be given in the same manner as provided for Competitive Sealed Bids; provided, the minimum time shall be fifteen (15) calendar days for contracts in the amount of \$50,000 or less and thirty (30) calendar days for contracts in the amount of more than \$50,000.
 - (2) Evaluation Factors: The request for proposals shall state the relative importance of price and other evaluation factors.
 - (3) Interviews with Responsible Offerors and Revisions to Proposals: As provided in the request for proposals, interviews may be conducted with responsible offerors whose proposals are responsive to the request for proposals for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of the identity of competing offerors or of any information derived from proposals submitted by competing offerors.
 - (4) Award: Award shall be made to the responsible offeror whose proposal is determined in writing to be the most advantageous to the City, taking into consideration price and the evaluation facts set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.
- (c) Cancellation of Invitations: See “Competitive Sealed Bids” (d) above.
- (d) Determination of Non-responsibility: See “Competitive Sealed Bids” (e) above.(e) Bid and Payment Bonds: See “Competitive Sealed Bids” (g) above.
- (f) Use of Subcontractors: See “Competitive Sealed Bids” (h) above.

Contracting for Professional Services

- (a) For the purpose of procuring the services of accountants, architects, engineers and other professionals, the City department or agency using such a professional may award a

contract for service in accordance with the purchasing authorizations and limitations of this policy. Special consideration for design/architect services is noted in (b)(4) below.

(b) Selection Procedure.

- (1) Request for Qualifications and Notice: Adequate notice of the need for the desired professional services shall be given by the City through a request for qualifications. The request for qualifications shall describe the services required, list the types of information and data required of each offeror, and state the relative importance of particular qualifications.
 - (2) Statement of Qualifications: Persons engaged in providing the designated types of professional services may submit statements of qualifications and expressions of interest in providing such professional services. The City may specify a uniform format for statements of qualifications. Persons may amend these statements at any time by filing a new statement.
 - (3) Interviews: The Director of the City department or agency or his or her designee using the professional services may conduct interviews with any offeror who has submitted a statement of qualifications for the purpose of ranking the qualifications of the offerors, based on the evaluation factors set forth in the request for qualifications. Interviews shall not disclose any information derived from statements submitted by other offerors.
 - (4) Award: Award shall be made to the offeror determined to be the best qualified based on the evaluation factors set forth in the request for qualifications, and negotiation of compensation determined to be fair and reasonable. If compensation cannot be agreed upon with the best-qualified offeror, then negotiations will be formally terminated with the selected offeror. If statements were submitted by one or more offerors determined to be qualified, negotiations may be conducted with such other offeror or offerors, in order of their respective qualification ranking, and the contract may be awarded to the offeror then ranked best qualified if the amount of compensation is determined to be fair and reasonable. In the case of design/architect services, the city will pick the most qualified candidate and THEN open the price envelope and negotiate price.
- (c) Cancellation of Invitations: See “Competitive Sealed Bids” (d) above.
- (d) Determination of Non-responsibility: See “Competitive Sealed Bids” (e) above.
- (e) Use of Subcontractors: See “Competitive Sealed Bids” (g) above.
- (f) Bid and Performance Bonds: See “Competitive Sealed Bids” (H) above.

Cooperative Purchasing

The City Manager is authorized to enter into cooperative purchasing arrangements with other governmental entities without separate competitive bidding by the City if a governmental agency has solicited bids and awarded a contract for services or materials which the City desires to obtain, and participation in such a purchase is agreeable to the bidder awarded the contract and the City Manager finds that participation in such group purchasing agreement is for the benefit of the City.

Sole Source Purchasing

A contract may be awarded without competition when the City determines in writing, after conducting a good faith review of available sources, that there is only one source for the required supply, service or construction item. The City Manager or his or her designee shall conduct

negotiations, as appropriate, as to price, delivery and terms. A statement of the basis for the sole source determination shall be placed in the contract file.

Open (Blanket) Purchases

Open procurement can be used when very similar goods or services are purchased frequently during the year. Generally, the individual purchases are small in relation to the total amount authorized. Authority to determine whether open procurement is appropriate rests with the City Manager. Examples are dead animal removal and office supplies. Bids and approvals must be obtained annually using the same criteria as for a single item purchase order.

Petty Cash Reimbursement

The Petty Cash Fund is used to reimburse purchases which were originally paid out-of-pocket by a City official or employee. Mileage reimbursement is also paid from the Petty Cash Fund at the Internal Revenue Service's standard mileage rates. Petty Cash reimbursements will either be paid in cash or by check, depending on the amount. Reimbursement requests less than \$50 will be paid in cash. Reimbursement requests greater than \$50 will be paid by check on the next accounts payable check date.

Credit Card Purchases

Each Department Director will be responsible for the credit cards issued in their department. Only a Department Director can request a new CAL-Card, using the CAL-Card Request Form. The credit card can only be used for authorized transactions.

- (a) Credit card purchases are limited to Small Purchases only. Guidelines and conditions for small purchases as set forth in this policy will be as follows:

The credit card shall **not** be used for:

- (1) Cash advances,
 - (2) Alcoholic beverages,
 - (3) Gambling or betting,
 - (4) Securities or insurance,
 - (5) Political or religious organizations,
 - (6) Tax payments,
 - (7) Court costs, fines, bail or bond payments,
 - (8) Lease or rental items
- (b) Credit cards are issued to individual employees and are to be used for official City business only. No personal transactions are allowed. Credit cards belong to the City and can be cancelled or revoked at any time at the discretion of the City Manager.
 - (c) Credit cards should only be used if a check request is not practical.
 - (d) The Cardholder's purchasing limit is determined according to specific needs and will be set by the Department Director and approved by the City Manager.
 - (e) Prior to receiving a credit card from the CAL-Card Administrator (Finance Manager), the employee must sign "Acknowledgement of Receipt of City Bank Card". By signing this form, the employee acknowledges:
 - (1) receipt of card,
 - (2) purchasing limits,
 - (3) and understands the rules/guidelines of the credit card portion of the Purchase Policy.

- (f) Each cardholder is to maintain and attach a CAL-Card Description Form to their monthly statement. Maintaining and submitting this form is mandatory.
- (g) It is the responsibility of the employee to furnish receipts for all credit card purchases.
- (h) CAL-Cards may be used for travel expenses such as meals not provided by the conference/seminar (meal expenses including gratuity must not exceed the Maximum Federal Rate), parking expenses, and fuel for a rental vehicle.
- (i) If there is a missing receipt and/or missing detail it is required that the employee write a memorandum, addressed to the City Manager providing information of the missing receipt and/or detail. Payment for purchases without receipts may become the responsibility of the employee.
- (j) The Approving Official (Department Director) shall be responsible for receiving statements from Cardholder whom they have authority each month. Approving Officials are responsible for reviewing the statements, assuring all purchases are authorized and comply with the Purchasing Policy, signing and forwarding the statements and backup by the 15th of the month to the Finance Division.
- (k) Should an employee lose or have his/her credit card stolen, it is their responsibility to contact the credit card company immediately. Also, they must notify their supervisor in writing one (1) working day after discovery. The supervisor must also notify the Purchasing Agent as soon as possible.
- (l) The cardholder is responsible for returning the CAL-Card to their Department Director upon termination.

Emergency Purchases

Notwithstanding any other provisions of this chapter, the City may make emergency purchases of supplies, services, or construction items when there exists a threat to public health, welfare, or safety; provided that such emergency purchases shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. In the case of contracts less than \$50,000, this determination shall be made by the City Manager and, in the case of contracts in the amount of \$50,000 or more, this determination shall be made retroactively by the City Council.

Other Purchases

Certain purchases are not readily adaptable to the open market and formal bidding process. These purchases are generally for items where the competitive bid process or obtaining quotes is not applicable or where a check is required to accompany the order. Following is a list of allowable exceptions:

- (1) Advertisement and Notices
- (2) Courier/Deliverer/Messenger
- (3) Emergency Fuel Purchases
- (4) Insurance Claims and Premiums
- (5) Medical Payments (Physicians, lab)
- (6) Membership Dues
- (7) Court Fee
- (8) Payments to Other Governmental Units
- (9) Petty Cash Replenishment

- (10) Property Rentals
- (11) Lease of Real Property
- (12) Real Property/Easement Acquisition
- (13) Subscriptions
- (14) Trade Circulars or Books
- (15) Travel Expense/Advances

OPPORTUNITIES FOR CITRUS HEIGHTS AND SMALL DISADVANTAGED BUSINESS ENTERPRISES

- (a) It is the policy of the City of Citrus Heights to ensure full and equitable opportunities for Citrus Heights and Small Disadvantaged Business Enterprises to participate as contractors in the provision of goods and services to the City. Policies and programs that enhance the opportunities and entrepreneurial skills of Citrus Heights and Small Disadvantaged Business Enterprises will best serve the public interest because the growth and development of such businesses will have a significant positive impact on the economic health of the City.
- (b) On projects that are not Federally Funded, it is the City of Citrus Heights' policy that a 5% bid evaluation pricing preference be given to businesses located within its City limits. The public interest is also served by continuing to encourage businesses to locate and remain in Citrus Heights.
- (c) Initiators will make it a priority to seek vendors that are members of the Citrus Heights Chamber of Commerce and other Chambers that encourage diversity in the private sector.

SURPLUS SUPPLIES AND EQUIPMENT

- (a) Surplus property is used to generically describe any City property that is no longer needed or useable by the holding department. The Purchasing Agent or designee has the authority to declare item(s) with a market value of less than \$10,000 surplus. Items with a market value greater than \$10,000 will be formally declared surplus by the Council. Each department shall periodically review its equipment, material, and inventory, and shall promptly notify the Purchasing Agent of any surplus property.
- (b) The Purchasing Agent or designee shall determine or approve one of the following methods of disposition that is most appropriate and in the best interest of the City:
 - (1) *Transfer to Another Department*: Surplus property may be transferred between City departments.
 - (2) *Trade-In*: Property declared as surplus may be offered as a trade-in credit toward the acquisition of new property. All trade-in offers will be submitted to the Purchasing Agent for review and approval.
 - (3) *Disposal*: The Purchasing Agent may offer surplus property for sale. All surplus property is for sale "as is", with no warranty, guarantee, or representation of any kind, expressed or implied, as to the condition, utility or usability of the property offered for sale. Appropriate methods of disposal are as follows:
 - (1) *Public Auction*: Surplus property may be sold at public auction. City staff may conduct Public Auctions, use internet auction sites, or the City may contract with a professional auctioneer.

- (2) *Sealed Bids*: Sealed bids may be solicited for the sale of surplus property. Surplus property disposed of in this manner shall be sold to the highest responsible bidder.
- (3) *Selling for Scrap*: Surplus property may be sold as scrap if the Purchasing Agent deems that the value of the raw material exceeds the value of the property as a whole.
- (4) *Negotiated Sale*: Surplus property may be sold outright if the Purchasing Agent determines that only one known buyer is available or interested in acquiring the property.
- (5) *No Value Item*: Where the Purchasing Agent determines that specific supplies or equipment are surplus and of minimal value to the City due to spoilage, obsolescence of other cause or where the Purchasing Agent determines that cost of disposal of such supplies or equipment would exceed the recovery value, the Purchasing Agent shall dispose of the same in such manner as he or she deems appropriate and in the best interest of the City.
- (c) Proceeds from the sale or trade-in of surplus property shall be returned to the appropriate fund.

PUBLIC WORKS PROJECTS

- (a) Public works projects over \$5,000 are subject to bidding and other requirements set forth by statutes, including Public Contract Code Section 20161, et seq. "Public works contracts" include contracts for a project for the erection, improvement, painting, or repair of public buildings and works; work in or about streams, bays, waterfronts, embankments, or other work for protection against overflow; street or sewer work, except maintenance or repair; and furnishing supplies or materials for any such project, including maintenance or repair of streets or sewers.
- (b) Public works projects over \$1,000 are subject to prevailing wage law, consistent with Labor Code Section 1720, et seq. "Public works contracts" for the purpose of prevailing wage law are defined as the construction, alteration, demolition, or repair work done under contract and paid for in whole or in part out of public funds. Public Works contractors are required to register with the Department of Industrial Relations pursuant to the Labor Code.
- (c) Most of the public contracting statutes are contained in the California Public Contract Code. Other sources of public contracting statutes can be found in The Public Resources Code, Business and Professions Code, Civil Code, Government Code, Labor Code, and the Code of Regulations.

FEDERAL PROCUREMENT

- (a) **Purpose and Applicability.** This section pertains to Federally funded projects and purchases. The purpose of this section is to ensure compliance with all applicable Federal requirements when Federal money is being expended by the City. To the extent that any provisions of this policy are inconsistent with any other City regulations, the provisions of this policy shall prevail with respect to Federally-funded procurements. If any provisions of this policy become inconsistent with Federal requirements, whether due to a change in Federal law or regulations, through judicial precedent, or for any other reason, the City shall not be required to comply with the inconsistent provision.
- (b) **Solicitation Procedures**
 - (1) Acquisition of unnecessary or duplicative items must be avoided. Consideration

should be given to consolidating or dividing procurements to obtain a more economical purchase. When appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach. (2 CFR §200.318(d)).

- (2) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services, the City shall enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. (2 CFR §200.318(e)).
- (3) Procuring Federal excess and surplus property in lieu of purchasing new equipment and property whenever such use is feasible and reduces project costs shall be utilized. (2 CFR §200.318(f)).
- (4) Value engineering clauses may be used in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering is a systematic and creative analysis of each contract item or task to ensure that its essential function is provided at the overall lower cost. (2 CFR §200.318(g)).
- (5) Contracts shall only be awarded to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. (2 CFR §200.318(h)).
- (6) Records will be maintained sufficient to detail the history of procurement. These records will include but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. The City Clerk will be the repository for said records and shall be maintained in accordance the City's records retention schedule. (2 CFR §200.318(i)).
- (7) Time and material type contracts as defined by may be used only after a determination that no other contract is suitable. Time and material type contract means a contract where the cost to the City is the sum of the actual cost of materials, and direct labor hours charged at fixed hourly rates that reflect wages, general and administrative expense, and profit. Each time and material contract will set a ceiling price that the contractor exceeds at its own risk. A higher degree of oversight is required in order to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls. (2 CFR §200.318(j)).
- (8) The City alone will be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the City of any contractual responsibilities under its contracts. The Federal awarding agency will not substitute its judgment for that of the City unless the matter is primarily a Federal concern. Violations of law will be referred to the local, state, or Federal authority having proper jurisdiction. (2 CFR §200.318(k)).

(c) Competition

In compliance with the policy stated in 2 CFR §200.319, all procurement transactions must be conducted in a manner providing full and open competition. In order to ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications, requirements, statements of work, and invitations for bids or requests for proposals will be excluded from competing for such procurements. Some of the situations considered to be restrictive of competition include, but are not limited to:

- (1) Placing unreasonable requirements on firms in order for them to qualify to do business;
- (2) Requiring unnecessary experience and excessive bonding;
- (3) Noncompetitive pricing practices between firms or between affiliated companies;
- (4) Noncompetitive contracts to consultants that are on retainer contracts;
- (5) Organizational conflicts of interest;
- (6) Specifying only a “brand name” product instead of allowing an equal product to be offered and describing the performance or other relevant requirements of the procurement; and
- (7) Any arbitrary action in the procurement process. (2 CFR §200.319(a)).

Procurements shall be conducted in a manner that prohibits the use of statutorily or administratively imposed state or local geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. Nothing in this section preempts state licensing laws. When contracting for architectural and engineering (A/E) services, geographic location may be a selection criterion provided its application leaves an appropriate number of qualified firms, given the nature and size of the project, to compete for the contract. (2 CFR §200.319(b)).

All solicitations will incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product or service to be procured and, when necessary, must set forth those minimum essential characteristics and standard to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a brand name or equivalent description may be used as a means to define the performance or other relevant requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated. (2 CFR §200.319(c)(1)).

Bids and proposals shall identify all the requirements which the offerors must fulfill and all other factors to be used in evaluation bids or proposals. (2 CFR §200.319(c)(2)).

- (d) **Methods of Procurement.** In addition to the City's purchasing provisions, one of the following methods should be used for purchasing and procurement:

- (1) **Micro-purchase:** Purchases where the aggregate dollar amount does not exceed \$3,000, or the current limitation set by the Federal Acquisition Regulation at 48 CFR §2.101, where this threshold is periodically adjusted for inflation. (2 CFR §200.320(a); 2 CFR §200.67). To the extent practicable, the City will distribute micro-purchases equitably among qualified suppliers.
- (2) **Small purchase:** Purchases up to the Simplified Acquisition threshold, which is currently \$150,000. Informal purchasing procedures are acceptable, but price or rate quotes must be obtained from an adequate number of sources. (2 CFR §§200.320(b), 200.88; 2 CFR Part 200 Appendix II (A).)
- (3) **Sealed bid:** Purchases over the Simplified Acquisition threshold, which is currently \$150,000. (2 CFR Part 200 Appendix II (A).) Under this purchase method, formal solicitation is required, and the fixed price (lump sum or unit price) is awarded to the responsible bidder who conformed to all material terms and is the lowest in price. (2 CFR §200.320(c)).
 - (a) This method is the preferred procurement method for construction contracts, if the following conditions apply:
 - (1) A complete, adequate, and realistic specification or purchase description is available;
 - (2) Two or more responsible bidders are willing and able to compete effectively for the business, and,
 - (3) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally based on price.
 - (b) If this method is used, the following requirements shall apply:
 - (1) The invitation for bids will be publicly advertised and bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date for opening the bids; (2 CFR §200.320(c)(2)(i)).
 - (2) The invitation for bids, which will include any specifications and pertinent attachments, must define the terms or services in order for the bidder to properly respond; (2 CFR §200.320(c)(2)(ii)).
 - (3) All bids will be publicly opened at the time and place prescribed in the invitation for bids; (2 CFR §200.320(c)(2)(iii)).
 - (4) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. (2 CFR §200.320(c)(2)(iv)). Where specified in bidding documents, factors such as discounts will only be used in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and
 - (5) Any or all bids may be rejected if there is a sound documented reason. (2 CFR §200.320(c)(2)(v)).
- (4) **Competitive proposals:** Purchases over the Simplified Acquisition threshold, which is currently \$150,000. (2 CFR Part 200 Appendix II (A).) This procurement method requires formal solicitation, fixed-price or cost-reimbursement contracts, and is used when sealed bids are not appropriate. The

contract should be awarded to the responsible firm whose proposal is most advantageous to the program, with price being one of the various factors. (2 CFR §200.320(d)). If this method is used, the following requirements apply:

- (a) Requests for proposals must be publicized and identify all evaluation factors and their relative importance. Any response to publicized requests for proposals must be considered to the maximum extent practicable; (2 CFR §200.320(d)(1)).
- (b) Proposals must be solicited from an adequate number of qualified sources; (2 CFR §200.320(d)(2)).
- (c) The methods for conducting technical evaluations of the proposals received and for selecting recipients may include, but not limited to: oral interviews, references, past performance, availability to perform work, and certifications as determined by project scope. Any response that takes exception to any mandatory items in this proposal process may be rejected and not considered; (2 CFR §200.320(d)(3));
- (d) Contracts must be awarded to the responsible firm whose proposal is most advantageous to the program, with price and other factors considered; (2 CFR §200.320(d)(4)) and,
- (e) Competitive proposal procedures may be used for qualifications-based procurement of architectural/engineering (A/E) professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services, though A/E firms are a potential source to perform the proposed effort. (2 CFR §200.320(d)(5)).

- (5) **Noncompetitive proposals:** Also known as sole-source procurement, this may be appropriate only when one or more of the following criteria are met:

- (a) The item is available only from a single source;
- (b) The public emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (c) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (d) After solicitation of a number of sources, competition is determined inadequate. (2 CFR §200.320(f)).

- (e) **Contract Cost and Price.** A cost or price analysis shall be performed in connection with every procurement action in excess of the Simplified Acquisition threshold (currently \$150,000) including contract modifications. The method and degree of analysis is dependent on the facts surrounding the procurement situation, but as a starting point, independent estimates shall be made prior to receiving bids and proposals.

- (1) Profit shall be negotiated as a separate element of the price for each contract in which there is a no price competition and in all cases where cost analysis is

performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.

- (2) Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the City under Subpart E- Cost Principles of Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- (3) The cost plus a percentage of cost and percentage of construction cost methods of contracting shall be used. (2 CFR §200.323)

(f) **Federal Awarding Agency or Pass-Through Entity Review.**

- (1) The City shall make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed procurements where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition. This review generally will take place prior to the time the specification is incorporated into a solicitation document. However, if the City desires to have the review accomplished after a solicitation has been developed, the Federal awarding agency or pass-through entity may still review the specifications, with such review usually limited to the technical aspects of the proposed purchase.
- (2) The City will make available upon request, for the Federal awarding agency or pass-through entity pre-procurement review, procurement documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
 - (a) Procurement procedures or operations fails to comply with the procurement standards in this part;
 - (b) The procurement is expected to exceed the Simplified Acquisition Threshold (\$150,000) and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - (c) The procurement, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
 - (d) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - (e) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.
- (3) The City is exempt from the pre-procurement review in paragraph 2 of this section if the Federal awarding agency or pass-through entity determines that its procurement systems comply with the standards of this part.
- (4) The City may request that its procurement system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets

these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third-party contracts are awarded on a regular basis;

- (5) The City may self-certify its procurement system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review. (2 CFR § 200.324).

- (g) **Bonding Requirements.** For construction or facility improvement contracts or subcontracts exceeding the Simplified Acquisition Threshold (\$150,000), the Federal awarding or pass-through entity may accept the bonding policy and requirements of the City provided that the Federal awarding agency or pass-through entity has made a determination that the Federal interest is adequately protected. If such a determination has not been made, the minimum requirements must be as follows:

- (1) A bid guarantee from each bidder equivalent to five percent (5%) of the bid price. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified;
- (2) A performance bond on the part of the contractor for 100 percent (100%) of the contract price. A performance bond is one executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract; and,
- (3) A payment bond on the part of the contractor for 100 percent (100%) of the contract price. A payment bond is one executed in connection with a contract to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract. (2 CFR § 200.325).

- (h) **Contracting with small and minority business, women's business enterprises, and labor surplus area firms.** All necessary affirmative steps will be taken to assure that minority business, women's business enterprises, and labor surplus area firms are used when possible. Affirmative steps include:

- (1) Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
- (2) Assuring that small and minority businesses and women's business enterprises are solicited whenever they are potential sources;
- (3) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses and women's business enterprises;
- (4) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority businesses and women's business enterprises;
- (5) Using the services and assistance, as appropriate, of such organizations as the

Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and,

- (6) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraphs (1) through (5) of this section.
- (i) **Contract Provisions.** In accordance with 2 CFR §200.326, contracts with a Federal funding source must include the following compliance provisions, as applicable:
- (1) **Equal Employment Opportunity-** All contracts, when funded in whole or partly by monies derived from the Federal government (either directly or indirectly), shall contain a provision requiring compliance with Executive Order No. 11246 (Equal Employment Opportunity), as amended by Executive Order No. 11375 (requires nondiscrimination in contracting) and as supplemented in U.S. Department of Labor regulations. (2 CFR pt. 200 Appendix II(C)).
 - (2) **Remedies** – Contracts in excess of \$150,00 must contain provisions or conditions that will allow for administrative, contractual or legal remedies in instances when contractors violate or breach contract terms and provide for such sanctions and penalties as may be appropriate. (2 CFR pt. 200, Appendix II(A)).
 - (3) **Termination** – All contracts in excess of \$10,000 must address termination for cause and convenience by the City, including the manner by which it will be effected and the basis for settlement. (2 CFR pt. 200, Appendix II(B)).
 - (4) **Record Retention** – Contractors must be required to maintain all requisite records for 3 years after the City makes a final payment, unless a specific exception applies. (2 CFR §200.333). Contracts must contain a provision that the City, the federal grantor agency, the U.S. Comptroller General or any of their duly authorized representatives must have access to any books, documents, papers, and records of the contractor that are directly pertinent to that specific contract, for purposes of making audits, examinations, excerpts and transcripts. (2 CFR §200.336).
 - (5) **“Anti-Kickback”** - Applies to construction or repair contracts in excess of \$2,000. It prohibits kickbacks in construction contracts funded with Federal monies. Contractors and subcontractors or subrecipients shall be prohibited from inducing any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled and suspected or reported violations shall be immediately reported to the Federal awarding agency. (18 USC §874; 2 CFR pt. 200, Appendix II(D), 29 CFR pt. 3).
 - (6) **Davis-Bacon Act-** Applies to construction contracts in excess of \$2,000. It requires contracts to pay laborers and mechanics wages not less than the prevailing wage as determined by the Secretary of Labor and must be required to pay wages not less than once a week. Each bid solicitation published by the City must contain the current prevailing wage determination. Any award of the contract must be conditioned on contractor’s acceptance of that wage determination and suspected or reported violations of this act shall be immediately reported to the Federal awarding agency. (40 CFR §3141 et seq.,

2 CFR pt. 200, Appendix II(D), 29 CFR pt. 5.)

- (7) **Contract Work Hours & Safety Standards** – When applicable, all contracts awarded by recipients in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision for compliance with the Contract Work Hours and Safety Standards Act, 40 USC §§3702, 3704; 2 CFR pt. 200, Appendix II(E)).
- (8) **Environmental Law Compliance** - Applies to contracts and sub grants in excess of \$150,000. Contractor shall be required to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act (42 USC §7606) and the Clean Water Act. (42 USC §1368). Suspected or reported violations must be reported to the Federal awarding agency and the Regional Office of the Environmental Protection Agency (EPA). 2 CFR pt. 200, Appendix II(G)).
- (9) **Debarment and Suspension**- Contracts funded with Federal grant monies may not be awarded to contractors that have been debarred or suspended from receiving Federal monies pursuant to the System for Award Management (SAM). (2 CFR §180).
- (10) **Byrd Anti-Lobbying Amendment**- Contractors that apply or bid for an award of \$100,000 must certify that they will not and have not used Federal funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award. (31 U.S.C. §1352).

ENVIRONMENTALLY PREFERABLE PURCHASING POLICY

(a) STATEMENT OF POLICY

It is the policy of [the City of Citrus Heights \(City\)](#) to:

- (1) Institute practices that reduce waste by increasing product efficiency and effectiveness;
- (2) Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable; and
- (3) Purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine free manufacturing processes, are lead-free and mercury-free, and use wood from sustainably harvested forests to the greatest extent practicable.

(b) PURPOSE

This Policy is adopted in order to:

- (1) Conserve natural resources;
- (2) Minimize environmental impacts such as pollution and use of water and energy;
- (3) Eliminate or reduce toxics that create hazards to workers and our community;
- (4) Support strong recycling markets;
- (5) Reduce materials that are landfilled;
- (6) Increase the use and availability of environmentally preferable products that protect the environment;
- (7) Identify environmentally preferable products and distribution systems;

(8) Reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services;

(9) Comply with State requirements as contained in 14 CCR Division 7, Chapter 12, Article 12 (SB 1383 procurement regulations (14 CCR § 18992 et seq.)) to procure a specified amount of Recovered Organic Waste Products, to purchase Recycled-Content Paper Products, and Recycled-Content Printing and Writing Paper, and procure resources in a way that aligns with the City's goals; and,

~~(9)~~(10) Create a model for successfully purchasing environmentally preferable products that encourages other purchasers in our community to adopt similar goals.

(c) **SPECIFICATIONS**

(1) **Source Reduction**

- a. Citrus Heights shall institute practices that reduce waste and result in the purchase of fewer products whenever practicable and cost-effective, but without reducing safety or workplace quality.
- b. Citrus Heights shall purchase remanufactured products such as laser toner cartridges, tires, furniture, equipment and automotive parts whenever practicable, but without reducing safety, quality or effectiveness.
- c. Citrus Heights shall require all equipment bought after the adoption of this policy to be compatible with source reduction goals as referred to in this section, when practicable.
- d. All ~~buyers-purchasers~~ shall consider short-term and long-term costs in comparing product alternatives, when feasible. This includes evaluation of total costs expected during the time a product is owned, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs and expected lifetime compared to other alternatives.
- e. Products that are durable, long lasting, reusable or refillable are preferred whenever feasible.
- f. Citrus Heights requests vendors to eliminate packaging or use the minimum amount necessary for product protection, to the greatest extent practicable.
- g. Packaging that is reusable, recyclable or compostable is preferred, when suitable uses and programs exist.
- h. Vendors shall be encouraged to take back and reuse pallets and packaging materials.
- i. Suppliers of electronic equipment, including but not limited to computers, monitors, printers, and copiers, shall be required to take back equipment for reuse or environmentally safe recycling when Citrus Heights discards or replaces such equipment, whenever possible.

(2) **Recycled Content Products**

- a. All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines, such as those for printing paper, office paper, janitorial paper, construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and non-paper office products, shall contain the highest postconsumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.

b. Consistent with Public Contracting Code 22150, if fitness and quality of Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper are equal to that of non-recycled items, all departments and divisions of

the City shall purchase Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper (as defined) ~~that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber,~~ whenever available at the same or a lesser total cost than non-recycled items, consistent with the requirements of the Public Contracts Code, Sections 22150 through 22154 and Sections 12200 and 12209, as amended.

c. All Paper Products and Printing and Writing Paper shall be eligible to be labeled with an unqualified recyclable label as defined in Title 16 Code of Federal Regulations Section 260.12 (2013).

d. Records must be ~~submitted~~ maintained by ~~to~~ the City ~~Recordkeeping Designee~~ of all Paper Products and Printing and Writing Paper purchases on a schedule to be determined by the ~~Recordkeeping Designee~~ General Services Departments ~~City~~ and not less than annually (both recycled-content and non-recycled content, if any is purchased) for all purchases made by a division or department or employee of the City.

e. All vendors that provide Paper Products (including janitorial Paper Products) and Printing and Writing Paper to the City shall:

1. Provide Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, if fitness and quality are equal to that of non-recycled item, and ~~the product is~~ available at equal or lesser price.
2. Certify in writing the minimum percentage of postconsumer material in the Paper Products and Printing and Writing Paper offered or sold to the City. This certification requirement may be waived if the percentage of postconsumer material in the Paper Products and/or Printing and Writing Paper can be verified by a product label, catalog, invoice, or a manufacturer or vendor internet website.
3. Only provide Paper Products and Printing and Writing Papers that meet Federal Trade Commission Recyclability standard as defined in Title 16 Code of Federal Regulations Section 260.12 (2013) [relating to correct labeling and marketing of products].
4. Provide records to the ~~Recordkeeping Designee-Purchaser~~ for all Paper Products and Printing and Writing Paper on a schedule to be determined by the ~~Recordkeeping Designee~~ General Services Department.
5. All vendors providing printing services to the City via a printing contract or written agreement, shall use Printing and Writing Paper that consists of at least thirty percent (30%), by fiber weight, postconsumer fiber, ~~if fitness and quality are equal to that of non-recycled item, and the product is available at equal or lesser price,~~ or as amended by Public Contract Code Section 12209.

~~b. All pre-printed recycled content papers intended for distribution that are purchased or produced shall contain a statement that the paper is recycled-content.~~

~~e.f.~~ Copiers and printers bought shall be compatible with the use of recycled content products.

g. When specifying asphalt concrete, aggregate base or portland cement concrete for road construction projects, the City shall use recycled, reusable, or

reground materials when practicable.

h. The City shall specify and purchase recycled content transportation products, including signs, cones, parking stops, delineators, and barricades ~~when~~ practicable.

(3) Gas and Oil Procurement

a. For Renewable Gas procurement (used for fuel for transportation, electricity, or heating applications), the City shall:

1. Procure Renewable Gas made from recovered Organic Waste for transportation fuel, electricity, and heating applications to the degree that it is appropriate and available for the Jurisdiction.

2. Keep records in the same manner indicated in ~~subsection Section-c~~ 10 (below): for the amount of Renewable Gas procured and used by the ~~Jurisdiction~~ City, including the general procurement record information specified in ~~sub~~Section c10., and ~~submit~~ ensure ~~records~~ documentation is on file in the central filing location and on a schedule as determined by the General Services Department ~~to the City Recordkeeping Designee on a schedule to be determined by the Recordkeeping Designee~~ City and not less than annually. The ~~City~~ Jurisdiction shall additionally obtain the documentation and submit records specified in ~~subsection Section-c~~ 10. below, if applicable.

d. ~~Per In accordance with California~~ Public Contract Code, Section: 10409, the ~~City~~ Citrus Heights shall purchase re-refined lubricating and industrial oil for use in its vehicles and other equipment, as long as it is certified by the American Petroleum Institute (API) as appropriate for use in such equipment.

b.

(3) ~~When specifying asphalt concrete, aggregate base or portland cement concrete for road construction projects, Citrus Heights shall use recycled, reusable or reground materials when practicable.~~

(4) Citrus Heights shall specify and purchase recycled content transportation products, including signs, cones, parking stops, delineators, and barricades.

(5)(4) Energy and Water Savings

a. Where applicable and practicable, energy-efficient equipment shall be purchased with the most up-to-date energy efficiency functions. This includes, but is not limited to, high efficiency space heating systems and high efficiency space cooling equipment.

b. When practicable, ~~Citrus Heights~~the City shall replace inefficient lighting with energy- efficient equipment.

c. All products purchased by ~~Citrus Heights~~the City and for which the U.-S. EPA Energy Star certification is available shall meet Energy Star certification, when practicable. When Energy Star labels are not available, ~~purchasing agents~~ shall choose energy-efficient products that are in the upper 25% of energy efficiency as designated by the Federal Energy Management Program (~~FEMA~~).

d. ~~Citrus Heights~~The City shall purchase water-saving products whenever practicable.

(6)(5) Green Building - Construction and Renovations

a. ~~(1)~~—All building and renovations undertaken by ~~Citrus Heights~~the City shall follow Green Building Practices for design, construction, and operation, where appropriate, as described in the LEED™ Rating System ~~and meet~~

California Green Building Standards Code, Part 11, Title 24, California Code of Regulations (CalGreen) and California's Model Water Efficient Landscape Ordinance (MWELO) ~~WELO~~ requirements. Building and landscaping products, purchases, and use by the City shall be consistent with CalGreen and MWELO requirements.

(7)(6) Landscaping

a. All landscape renovations, construction and maintenance by the City~~Citrus Heights~~, including workers and contractors providing landscaping services for ~~Citrus Heights~~the City, shall employ sustainable landscape management techniques for design, construction, and maintenance whenever possible, including, but not limited to, integrated pest management, grasscycling, drip irrigation, composting, and procurement and use of mulch and compost.

b. The City, including through its Direct Service Providers, will make every effort to meet its annual procurement target for Recovered Organic Waste Products as determined by the State. Periodically, the ~~City's Recordkeeping Designee General Services and Administrative Services Departments~~ shall distribute information to City Staff on the Procurement target and specific products that meet the SB 1383 procurement requirements. Divisions and departments responsible for landscaping maintenance, ~~-compost giveaways or other types of compost distribution~~ shall:

1. Use SB 1383 Eligible Compost and SB 1383 Eligible Mulch produced from recovered Organic Waste, as defined in the Definitions section of this Policy, for landscaping maintenance as practicable, whenever available, and capable of meeting quality standards and criteria specified.
2. Ensure that SB 1383 Eligible Mulch producers ~~annually~~ certify that the mulch meets the definition contained in the Definitions section of this Policy through the following:
 - a. Copy of operation or facility permit or authorization; and,
 - b. Copy of laboratory results confirming the mulch meets or exceeds the physical contamination, maximum metal concentration, and pathogen density standards for land application specified in 14 CCR Section 17852(a)(24.5)(A) 1 through 3.

Failure to provide the applicable certification documents on an annual basis or at the request of the City will result in the mulch no longer being eligible as a recovered organic waste product under this procurement policy.

3. Keep records, including invoices or proof of Recovered Organic Waste Product procurement (either through purchase or acquisition), and submit records to the ~~City Recordkeeping Designee General Services Department~~ either directly or via a centralized file location on a schedule to be determined by ~~the RGeneral Services Department~~~~Recordkeeping Designee~~City. General Procurement Records shall include:
 - (i) General description of how and where the product was used and applied, if applicable;
 - (ii) Source of product, including name, physical location, and contact information for each entity, operation, or facility from

whom the Recovered Organic Waste Products were procured;

(iii) Type of product;

(iv) -Quantity of each product; and,

(v) Invoice or other record demonstrating purchase or procurement.

4. For Compost and SB 1383 Eligible Mulch provided to residents through giveaway events or other types of distribution methods, keep records of the Compost and SB 1383 Eligible Mulch provided to residents. Records shall be maintained and submitted to the General Services Department either directly or via a centralized file location ~~City Recordkeeping Designee~~ in accordance with the requirements specified in subSection ~~Cc~~.10.

- ~~4.~~ When a Direct Service Provider for the City procures compost or mulch, enter into a written contract or agreement, or execute a purchase order between the City and Direct Service Provider with enforceable provisions that include:

- 5.
- (i) Definitions and specifications for SB 1383 Eligible Mulch, Compost, Renewable Gas, and/or Electricity Procured from Biomass Conversion; and,
 - (ii) An enforcement mechanism (e.g., termination, liquidated damages) in the event the Direct Service Provider is not compliant with the requirements.
6. Ensure that Pprojects subject to California's ~~WELOMWELO~~ that will be used to meet the annual recovered organic waste product procurement target ~~must~~ comply with CCR Title 23, Division 2, Chapter 2.7, Sections 492.6 (a)(3)(B), (C), (D), and (G).

~~b-c.~~ Plants should be selected to minimize waste by choosing species for purchase that are appropriate to the microclimate, species that can grow to their natural size in the space allotted them, and perennials rather than annuals for color when practicable. Native and drought-tolerant plants that require no or minimal watering once established are preferred.

~~e-d.~~ Hardscapes and landscape structures constructed of recycled content materials are encouraged. ~~Citrus Heights~~ The City shall limit the amount of impervious surfaces in the landscape, wherever practicable. Permeable substitutes, such as permeable asphalt or pavers, are encouraged for walkways, patios, and driveways.

(7) Toxics and Pollution

(8)-

~~a.~~ To the extent practicable, no cleaning or disinfecting products (i.e., for janitorial or automotive use) shall contain ingredients that are carcinogens, mutagens, or

~~b.a.~~ teratogens. These include chemicals listed by the U.S. E.P.A. or the National Institute for Occupational Safety and Health on the Toxics Release Inventory and those listed under Proposition 65 by the California Office of Environmental Health Hazard Assessment. ~~_____~~

~~e.b.~~ The use of chlorofluorocarbon-containing refrigerants, solvents and other products shall be phased out and new purchases shall not contain them.

~~d.c.~~ All surfactants and detergents shall be readily biodegradable and, where practicable, shall not contain phosphates.

~~e.d.~~ When maintaining buildings and landscapes, ~~Citrus Heights~~the City shall manage pest problems through prevention and physical, mechanical and biological controls where practicable. ~~Citrus Heights~~The City may implement pest management practices using the least toxic pest control as a last resort.

~~f.e.~~ When maintaining buildings, the ~~Citrus Heights~~City shall use products with the lowest amount of volatile organic compounds (VOCs), highest recycled content, and low or no formaldehyde when purchasing materials such as paint, carpeting, adhesives, furniture and casework as practicable.

~~g.f.~~ ~~Citrus Heights~~The City shall reduce or eliminate its use of products that contribute to the formation of dioxins and furans. This includes, but is not limited to:

1. Purchasing paper, paper products, and janitorial paper products that are unbleached or that are processed without chlorine or chlorine derivatives, whenever possible.
2. Prohibiting purchase of products that use polyvinyl chloride (PVC) such as, but not limited to, office binders, furniture, flooring, and medical supplies whenever practicable.

~~h.g.~~ ~~Citrus Heights~~The City shall purchase products and equipment with no lead or mercury whenever possible. For products that contain lead or mercury, ~~the City~~Citrus Heights shall give preference to those products with lower quantities of these metals and to vendors with established lead and mercury recovery programs.

~~i.h.~~ When replacing vehicles, ~~the City~~Citrus Heights shall consider vehicles that use less-polluting alternative ~~s to diesel fuels~~ such as compressed natural gas, renewable natural gas (RNG), biobased fuels, hybrids, electric batteries, and fuel cells, as available.

~~(9)~~(8) **Forest Conservation**

a. ~~(4)~~ To the greatest extent practicable, ~~Citrus Heights~~the City shall not procure wood products such as lumber and paper that originate from forests harvested in an environmentally unsustainable manner. When possible, ~~the City~~Citrus Heights shall give preference to wood products that are certified to be sustainably harvested by a comprehensive, performance-based certification system.

~~(10)~~(9) **Agricultural Bio-Based Products**

a. Vehicle fuels made from non-wood, plant-based contents such as vegetable oils are encouraged whenever practicable.

b. Paper, paper products and construction products made from non-wood, plant-based contents such as agricultural crops and residues are encouraged whenever practicable.

(10) **Record Keeping**

a. Each purchasing agent is responsible to provide documentation required by SB 1383 directly to the General Services Department or to file required

documentation of purchases subject to SB 1383 in the centralized file location as designated by tThe City Manager shall select an employee to act as the-
RecordkeepingGeneral Services Department. The General Services Department -
Designee that will be responsible for obtainingmonitoring and reporting
functions related to record-keeping s-pertaining to Procurement of Recovered
Organic Waste Products, Recycled-Content Paper Products, and Recycled-
Content Printing and Writing Paper. The Recordkeeping Designee-General
Services Department will do the following to track Procurement of Recovered
Organic Waste Products, Recycled-Content Paper Products, and Recycled-
Content Printing and Writing Paper:

1. EnsureCollect and collate the centralized file location designated by
the General Services Department includes electronic copies of
invoices or receipts (paper copies shall be scanned to the designated
file location)-or electronic) or other proof of purchase that describe
the procurement of Printing and Writing Paper and Paper Products,
including the volume and type of all paper purchases; and, copies of
certifications and other required verifications from all departments
and/or divisions procuring Paper Products and Printing and Writing
Paper (whether or not they contain recycled content) and/or from the
vendors providing Printing and Writing Paper and Paper Products.
These records must be kept as part of the City's documentation of its
compliance with 14 CCR Section 18993.3.
 - (i) If non-Recycled-Content Paper Products and/or non-Recycled-
Content Printing and Writing Paper are provided, include a
description of why Recycled-Content Paper Products and/or
Recycled-Content Printing and Writing Paper were not purchased.
2. Collect and collate copies of invoices or receipts or documentation
evidencing procurement from all departments and divisions
procuring Recovered Organic Waste Products and invoices or similar
records from vendors/contractors/others procuring Recovered
Organic Waste Products on behalf of the City to develop evidence of
the City meeting its Annual Recovered Organic Waste Product
Procurement Target. These records must be kept as part of the City's
documentation of its compliance with 14 CCR Section 18993.1.
3. Collect, collate, and maintain documentation submitted by the City's
Direct Service Providers, and/or vendors, including the information
reported to the Recordkeeping Designee.
4. Collect, collate, and maintain documentation submitted by the City's
Direct Service Providers, and/or vendors, including the information
reported to the Recordkeeping Designee

b. As required, compile data and report on the City's direct procurement, and
vendor/other procurement on behalf of the City, of Recovered Organic Waste
Products, Recycled-Content Paper Products, and Recycled-Content Printing and
Writing Paper, consistent with the requirements for Recycled-Content Paper
Products and Recycled-Content Printing and Writing Paper procurement.

(d) PRIORITIES

- (1) The health and safety of workers and citizens is of utmost importance and takes precedence over all other policies.
- (2) Citrus Heights has made and continues to make significant investments in developing a successful recycling system and recognizes that recycled content products are essential to the continuing viability of that recycling system and for the foundation of an environmentally sound production system. Therefore, to the greatest extent practicable, recycled content shall be included in products that also meet other specifications, such as chlorine free or bio-based.
- (3) Nothing contained in this policy shall be construed as requiring a department, purchaser, or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.
- (4) Nothing contained in this policy shall be construed as requiring a the Citrus Heights, department, purchaser, or contractor to take any action that conflicts with local, state, or federal requirements.

(e) IMPLEMENTATION

- (1) The Finance Director shall implement this policy in coordination with other appropriate jurisdiction personnel.
- (2) Successful bidders shall certify in writing that the environmental attributes claimed in competitive bids are accurate. In compliance with State law, vendors shall be required to specify the minimum or actual percentage of recovered and postconsumer material in their products, even when such percentages are zero.
- (3) Upon request, buyers making the selection from competitive bids shall be able to provide justification for product choices that do not meet the environmentally preferable purchasing criteria in this policy.
- (4) Purchasers shall include businesses certified by the Sacramento Sustainable Business Program in requests for products and services.
- (5) Vendors, contractors, and grantees shall be encouraged to comply with applicable sections of this policy for products and services provided to the Citrus Heights City, where practicable.

(f) PROGRAM EVALUATION

- (1) ~~(1)~~ The Finance Director shall periodically evaluate the success of this policy's implementation.

(g) DEFINITIONS

- (1) "Agricultural Bio-Based Products" means commercial or industrial products (other than food or feed) that utilize agricultural crops or residues but does not include products made from forestry materials.
- (2) "Annual Recovered Organic Waste Product Procurement Target" means the amount of Organic Waste in the form of a Recovered Organic Waste Product that the City is required to procure annually, based on population.
- ~~(2)~~(3) "Buyer" means anyone authorized to purchase or contract for purchases on behalf of this jurisdiction or its subdivisions.
- (4) "Chlorine free" means products processed without chlorine or chlorine derivatives.
- (5) "City" means the City of Citrus Heights elected officials, staff, and agencies.
- (6) "Compost (SB 1383 Eligible)" means the product resulting from the controlled biological decomposition of organic solid wastes that are source separated from the municipal solid waste stream or which are separated at a centralized facility or as

- otherwise defined in 14 CCR ~~Section~~ 17896.2(a)(4).
- (7) “Compostable” means material that is biodegradable during composting to yield carbon dioxide, water and inorganic compounds, and biomass at a rate consistent with other known compostable materials and leaves no visually distinguishable or toxic residues.
- (3)(8) “Contractor” means any person, group of persons, business, consultant, designing architect, association, partnership, corporation, supplier, vendor, or other entity that has a contract with Citrus Heights or serves in a subcontracting capacity with an entity having a contract with Citrus Heights for the provision of goods or services.
- (9) “Direct Service Provider” means a person, company, agency, contractor, or other entity that provides a service or services to the City through a contractual or other written agreement or as otherwise defined in 14 CCR Section 18982(a)(17).
- (4)(10) “Dioxins and furans” are a group of chemical compounds that are classified as persistent, bioaccumulative, and toxic by the Environmental Protection Agency.
- (11) “Electricity Procured from Biomass Conversion” means electricity generated from biomass facilities that convert recovered Organic Waste, such as landscaping waste from the municipal stream, into electricity, and is therefore eligible to meet the City’s Annual Recovered Organic Waste Product Procurement Target.
- (5)(12) “Energy Star” means the U.S. EPA’s energy efficiency product labeling program.
- (6)(13) “Energy Efficient Product” means a product that is in the upper 25% of energy efficiency for all similar products, or that is at least 10% more efficient than the minimum level that meets Federal standards.
- (7)(14) “Federal Energy Management Program” is a program of the Department of Energy that issues a series of Product Energy Efficiency Recommendations that identify recommended efficiency levels for energy-using products.
- (8)(15) The “Forest Stewardship Council” is a global organization that certifies responsible, on- the-ground forest management according to rigorous standards developed by a broad variety of stakeholder groups.
- (9)(16) “Integrated Pest Management (IPM)” is an ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties. Pesticides are used only after monitoring indicates they are needed according to established guidelines, and treatments are made with the goal of removing only the target organism. Pest control materials are selected and applied in a manner that minimizes risks to human health, beneficial and nontarget organisms, and the environment.
- (10)(17) “LEED™ Rating System” means the self-assessing system developed most recent version of the Leadership in Energy and Environmental Design (LEED) Rating System, approved by the U.S. Green Building Council, and designed for rating new and existing commercial, institutional, and high-rise residential buildings.
- (11)(18) “Organic Pest Management” prohibits the use and application of toxic chemical pesticides and strives to prevent pest problems through the application of natural, organic horticultural and maintenance practices. All pest control products shall be in keeping with, but not limited to, those products on the approved list of California Certified Organic Foods (CCOF).
- (19) “Organic Waste” means solid waste containing material originated from

- living organisms and their metabolic waste products including, but not limited to, food, yard trimmings, organic textiles and carpets, lumber, wood, Paper Products, Printing and Writing Paper, manure, biosolids, digestate, and sludges, or as otherwise defined in 14 CCR Section 18982(a)(46). Biosolids and digestate are as defined in 14 CCR Section 18982(a)(4) and 14 CCR Section 18982(a)(16.5), respectively.
- (20) “Paper Products” include, but are not limited to, paper janitorial supplies, cartons, wrapping, packaging, file folders, hanging files, corrugated boxes, tissue, and toweling; or as otherwise defined in 14 CCR Section 18982(a)(51).
- ~~(12)~~(21) “Postconsumer Material” means a finished material which would normally be disposed of as a solid waste, having reached its intended end-use and completed its life cycle as a consumer item, and does not include manufacturing or converting wastes.
- ~~(13)~~(22) “Practical” and “Practicable” mean whenever possible and compatible with local, state, and federal law, without reducing safety, quality, or effectiveness and where the product or service is available at a reasonable cost in a reasonable period of time.
- ~~(14)~~(23) “Preconsumer Material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Preconsumer material does not include mill and manufacturing trim, scrap, or broke which is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.
- (24) “Printing and Writing Papers” include, but are not limited to, copy, xerographic, watermark, cotton fiber, offset, forms, computer printout paper, white wove envelopes, manila envelopes, book paper, note pads, writing tablets, newsprint, reports, magazines, and publications; or as otherwise defined in 14 CCR Section 18982(a)(54).
- (25) “Procurement of Recovered Organic Waste Products” shall mean purchase or acquisition of (e.g., free delivery or free distribution from a hauler or other entity via a written agreement or contract) Organic Waste Products and end use by the City. The City’s Annual Recovered Organic Waste Product Procurement Target can be fulfilled directly by the City or by Direct Service Providers through written contracts or agreements for Procurement of Recovered Organic Waste Products at the City’s behest.
- ~~(15)~~(26) “Proposition 65” means a list of chemicals that are known to the State of California to cause cancer, birth defects or other reproductive harm.
- (27) “Recordkeeping” means the system established by the City Manager or their is policy and the General Services and Administrative Services departments designee used to track procurement and maintain records that includes Recovered Organic Waste Product procurement efforts by the City.
- ~~“Recordkeeping Designee” means the public employee appointed by the City Manager or their designee to track procurement and maintain records of Recycled Content Paper Products and Recycled Content Printing and Writing Paper and Recovered Organic Waste Product procurement efforts for the City and others, as applicable~~
- ~~(16)~~(28) “Recovered Material” means fragments of products or finished products of a manufacturing process, which has converted a resource into a commodity of real

economic value, and includes preconsumer and postconsumer material but does not include excess resources of the manufacturing process.

- (29) “Recycled-Content Paper Products and Recycled-Content Printing and Writing Paper” means such products that consist of at least thirty percent (30%) recycled materials, by fiber weight, post-consumer fiber, or as-much as one hundred percent (100%) post-consumer fiber by fiber weight, consistent with the requirements of Sections 22150 to 22154 and Sections 12200 and 12209 of the Public Contract Code, and as they may be amended from time to time as amended.
- (17)(30) “Recycled Content” means the percentage of recovered material, including preconsumer and postconsumer materials, in a product.
- (18)(31) “Recycled Content Standard” means the minimum level of recovered material and/or postconsumer material necessary for products to qualify as “recycled products.”
- (32) “Recycled Material” means material and byproducts that have been recovered or diverted from solid waste and have been utilized in place of raw or virgin material in manufacturing a product. It is derived from post-consumer recycled material, manufacturing waste, industrial scrap, agricultural waste, and other waste material, but does not include material or byproducts generated from, and commonly reused within, an original manufacturing process.
- (19)(33) “Recycled Product” means a product that meets the City’s [jurisdiction’s]Citrus Height’s recycled content policy objectives for postconsumer and recovered material.
- (20)(34) “Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.
- (35) “Renewable Gas” means gas derived from Organic Waste that has been diverted from a landfill and processed at an in-vessel digestion facility that is permitted or otherwise authorized by the State, or as otherwise defined in 14 CCR Section 18982(a)(62).
- (21)(36) “Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting or minor repairs.
- (22)(37) “Sacramento Sustainable Business Program” is a free service sponsored by local government agencies and utility providers. It certifies and promotes businesses and other organizations that pledge to adopt environmentally friendly practices and conserve resources.
- (38) “SB 1383” means Senate Bill 1383 approved by the Governor on September 19, 2016, which establishes methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants, as amended, supplemented, superseded, and replaced.
- (39) “SB 1383 Eligible Compost” means the product resulting from the controlled biological decomposition of organic solid wastes that is produced at an approved facility and in such a way that makes it eligible to meet the Annual Recovered Organic Waste Product Procurement Target, as defined by CalRecycle.
- (40) “SB 1383 Eligible Mulch” means mulch eligible to meet the Annual Recovered Organic Waste Product Procurement Target, pursuant to 14 CCR Chapter 12 of Division 7. This SB 1383 Eligible Mulch shall meet the following conditions for the duration of the applicable procurement compliance year, as specified by 14 CCR Section 18993.1(f)(4): Must meet or exceed the physical contamination, maximum

metal concentration, and pathogen density standards for land application specified in 14 CCR ~~Section~~ 17852(a)(24.5)(A) 1 through 3 and must be ~~P~~produced at one of the following facilities:

- a. A compostable material handling operation or facility as defined in 14 CCR Section 17852(a)(12), that is permitted or authorized under 14 CCR Division 7, other than a chipping and grinding operation or facility as defined in 14 CCR ~~Section~~ 17852(a)(10);
 - b. A transfer/processing facility or transfer/processing operation as defined in 14 CCR ~~Sections~~ 17402(a)(30) and (31), respectively, that is permitted or authorized under 14 CCR Division 7; or,
 - c. A solid waste landfill as defined in Public Resources Code Section 40195.1 that is permitted under 27 CCR Division 2.
- (41) “SB 1383 Regulations” or “SB 1383 Regulatory” means or refers to the Short-Lived Climate Pollutants (SLCP): Organic Waste Reductions regulations developed by CalRecycle and adopted in 2020 that created Chapter 12 of 14 CCR, Division 7 and amended portions of regulations of 14 CCR and 27 CCR.
- (23)(42) “Source Reduction” refers to products that result in a net reduction in the generation of waste compared to their previous or alternate version and includes durable, reusable, and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced, packaging.
- (24)(43) The “Toxics Release Inventory” (TRI) is a publicly available U.-S. EPA database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities.
- (25)(44) “U.S. EPA Guidelines” means the Comprehensive Procurement Guidelines established by the U.S. Environmental Protection Agency for federal agency purchases as of May 2002 and any subsequent versions adopted.
- (45) “Vendor” means a person or company who provides goods or services. A vendor can also be referred to as a supplier or direct service provider.
- (26)(46) “Water-Saving Products” are those that are in the upper 25% of water conservation for all similar products, or at least 10% more water-conserving than the minimum level that meets the Federal standards.

EFFECTIVE ~~DATE~~DATE

This policy shall take effect on ~~September 26, 2019~~ June 8, 2023.

City of Citrus Heights

Asset Capitalization and Inventory Control Policy

**June 2023
(Proposed)**

Presented to Council on June 8, 2023

CITY OF CITRUS HEIGHTS
ASSET CAPITALIZATION AND INVENTORY CONTROL
POLICY

June 2023 (Proposed)

1. PURPOSE

The purpose of this policy is to ensure adequate control and appropriate use of City capital assets and infrastructure assets. The procedures are intended to define capital assets and infrastructure assets and to establish guidelines for their budgeting, purchasing, use, accounting, inventorying, transferring, and disposal.

2. SCOPE OF POLICY

The provisions of this policy shall apply to all departments and divisions of the City and to all capital assets and infrastructure assets acquired by the City.

It is the responsibility of all Departments to ensure that:

- Proper budgeting and purchasing guidelines for acquiring assets are followed.
- Assets assigned to their department are adequately controlled and periodically inventoried.
- Assets are used for appropriate City purposes.
- Proper procedures are followed for the transfer and disposal of assets.

It is the responsibility of the General Services Department to ensure infrastructure assets are identified and inventoried on a regular basis. It is the responsibility of the Finance Department to accurately account for and report capital assets and infrastructure assets in financial reports issued to external reporting agencies, granting agencies, and the public.

3. DEFINITIONS

Capital Asset: Generally, if an asset has a cost greater than \$10,000 and has a useful life of more than one year, it will be considered a capital asset and should be capitalized. Furthermore, if an asset's individual acquisition costs are less than the threshold for an individual asset but the aggregate costs when purchased in bulk are more than the threshold, the bulk purchase is considered significant and should be capitalized. Capitalization is an accounting procedure that spreads out the cost of the asset over its useful life, rather than expensing the cost in the year purchased. Examples of capital assets are equipment, computers, buildings, vehicles, furniture, and leasehold improvements. Generally Accepted Accounting Principles will be used to help define what can be considered a capital asset.

Infrastructure Asset: In general, all infrastructure assets with an original cost greater than \$50,000 will be capitalized. Examples of infrastructure assets include:

- pavement (streets and roads),
- sidewalk/curb/gutter,
- storm drain pipes/structures,
- landscaping, and
- traffic signals/devices.

Generally Accepted Accounting Principles will be used to help define what can be considered an infrastructure asset.

Fair Value: The estimated value of the asset for which it would be exchanged between a willing buyer and seller. In addition, both parties should have knowledge of all facts and consider it an equitable exchange.

Historical Costs: The value placed on the asset at the time of acquisition.

Acquisition Date: The date the City took ownership of the asset.

Acquisition Value: The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Useful Life: The period of time the asset will be of service to the City.

4. GENERAL

All assets meeting the definitions of a capital asset shall be recorded in the City's capital asset system. The City shall establish an internal control structure over the capital assets that provide reasonable assurance of effective and efficient operations, reliable financial reports and compliance with applicable laws and regulations.

All capital assets shall be recorded at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at the market value.

- 4.1. **Budgeting for Capital Assets and Infrastructure Assets:** The purchase of newly acquired capital assets will be approved through the operating budget process. The replacement of existing capital assets that are worn or obsolete, will be at the discretion of the City Manager and will be paid for out of the City's Replacement Fund.

The purchase of infrastructure assets will be approved through the capital budget process. The City's Replacement Fund will not be used for the replacement of infrastructure assets.

- 4.2. **Purchasing of Capital Assets and Infrastructure Assets:** The purchase of capital assets and infrastructure assets will follow the procedures set forth in the City's Purchasing Policy.

4.3. **Use of Capital Assets:** Proper use, maintenance, and protection from loss, theft, or vandalism are the responsibility of the Department to which the asset is assigned.

4.4. **Use of Infrastructure Assets:** The City will obtain infrastructure assets for the use and enjoyment of its citizens. The General Services Department is responsible for maintaining and safeguarding the City's infrastructure assets.

5. ASSET CLASSIFICATION, DEFINITION AND USEFUL LIFE

The Finance Department is responsible for recording the City's capital assets according to generally accepted accounting principles. Generally, the capitalization threshold will be \$10,000. This threshold is applied to individual units of capital assets. Repairs and improvements will only be capitalized if they exceed \$10,000 and extend the useful life of the asset. Capital projects will be capitalized as "construction in progress" until completed.

All capital assets should be categorized into one of the following classifications:

- Land and Land Improvements
- Art
- Building and Building Improvements
- Machinery and Equipment
- Infrastructure
- Construction in Progress

5.1. Land and Land Improvements

Land Definition

Land is raw land, which can be used to support structures, or may be used to grow grass, shrubs, and trees.

Land Improvement Definition

Land improvements consist of betterment, site preparation and site improvements (other than buildings) that ready land for its intended use. The costs associated with improvements to land are added to the cost of the land.

5.2. Art

Art and Historical Treasures Definition

Works of art, historical treasures, and other similar assets are defined as one or more items that are held for public exhibition, education, or research in furtherance of public service.

5.3. Building and Plant Improvements

Building Definition

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.

Building Improvement Definition

Building improvements are capital assets that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized and

recorded as an addition of value to the existing building if the expenditure for the improvement is equal to or above the capitalization threshold.

5.4. Machinery and Equipment

Machinery and Equipment Definition

Machinery and equipment are capital assets used for operations that are not permanently attached to real property. Improvements or additions to existing machinery and equipment shall be capitalized if the value of the improvements or addition is equal to or above the capitalization threshold and extends the life of the original asset. The value of the improvement or addition should be added to the value to the existing asset.

5.5. The following useful life will be used:

<u>CAPITAL ASSET</u>	<u>USEFUL LIFE</u>
Land & Art	Indefinite
Building and Plant	
Buildings	50 years
Office Furniture	5 years
Machinery and Equipment	5 years
Computer Equip(except network equip/phone system)	5 years
Network Equipment/Phone System	10 years
Leasehold Improvements	5 years
Vehicles	
Patrol Cars/SUVs	6 years
City Cars, Police Admin, Detective Cars/SUVs	8 years
Motorcycles	5 years
Pickups/Vans	10 years
Trailers/Chippers	15 years

5.6. Accounting for Infrastructure Assets

The Finance Department is responsible for recording the City's infrastructure assets according to generally accepted accounting principles. Generally, the capitalization threshold will be \$50,000. The City will use the Standard Valuation Approach for determining the value of infrastructure assets. This approach determines the historical cost and accumulated depreciation of the asset and records it on the balance sheet accordingly. Repair costs will not be capitalized. Improvements will be capitalized if their cost exceeds \$50,000 and the improvement extends the useful life of the asset. Capital projects will be capitalized as "construction in progress" until completed.

Infrastructure Definition

Infrastructure is long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature.

Infrastructure Improvements Definition

Infrastructure improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized and recorded as an addition of value to the infrastructure being improved.

Infrastructure Useful Life

The following useful life will be used for infrastructure assets:

<u>INFRASTRUCTURE ASSET</u>	<u>USEFUL LIFE</u>
Pavement	50 years
Sidewalk/Curb/Gutters	50 years
Storm Drain Pipes/Structures	50 years
Land Improvements	15 years
Traffic Signal/Devices	40 years
Streetlights	35 years
Traffic Signal/Devices	40 years
Signage	25 years

5.7. Construction in Progress**Construction in Progress Definition**

Construction in progress reflects the economic construction activity status of land, land improvements, building, building improvements, infrastructure, and machinery and equipment, which are substantially incomplete.

5.8. Accounting for Leases and Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) has introduced two new accounting statements: GASB Statement No. 87, Leases (GASB 87) and GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Each time a new contract is approved that is a lease or SBITA contract or is a contract with a lease or SBITA component, the Contracting Department must notify the Finance Division. If there is any uncertainty as to the nature of an agreement or the applicability of GASB 87 or GASB 96, the Contracting Department should contact the Finance Division to obtain clarity.

Definitions

In accordance with GASB 87 and GASB Statement No. 96, SBITAs (GASB 96), a lease and a SBITA are defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transactions (i.e., buildings, land, vehicles, equipment, and information technology resources). Any contract that meets this definition should be accounted for under the guidance of GASB 87 or GASB 96, as appropriate. Subject to certain provisions and exceptions noted in the guidance, leases and SBITAs are generally reported as follows in the City's external financial statements:

Lessee/Contractee

A lessee/contractee should recognize a liability and an asset at the commencement of the lease/contract term. A lessee/contractee should reduce the liability as payments are made and recognize an outflow of resources (i.e., expense) for interest on the liability. The lessee/contractee should amortize the asset in a systematic and rational manner over the shorter of the lease/contract term or the useful life of the underlying asset.

Lessor

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. A lessor should recognize interest revenue on the lease receivable and an inflow of resource (i.e., revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Materiality Threshold

At the commencement of the lease term, the City will analyze the terms and provisions of the lease agreement (contract) in order to calculate the value of the underlying asset.

An individual lease agreement or SBITA that generates a right-to-use underlying asset value calculated at greater than or equal to \$10,000 will be included in the external financial statements.

6. INVENTORY AND TRANSFER OF CAPITAL ASSETS

A physical inventory will be conducted at least once every two years. The Finance Division will supply each department with an inventory worksheet of all capital assets under their control. Each department will conduct a physical inventory of the items, verifying the existence and condition of each item on the worksheet, and making note of any additions, deletions, interdepartmental transfers, modifications, or leases of property that are not reflected on the list. The final list will be reviewed and signed by the department director and returned to the Finance Division.

The signed list shall certify that:

- They have the item
- Missing items are properly explained and noted as "missing", "sold", "transferred to," etc.
- Incomplete information is corrected
- Items not included in the inventory sheet, but physically located, are added
- Information not reflected in the inventory report, which includes, but is not limited to the information required by grantors, or impairments is noted

The Finance Division must also be notified of any transfer of assets from one department to another.

7. INVENTORY AND TRANSFER OF INFRASTRUCTURE ASSETS

The General Services Department is responsible for inventorying (safeguarding) infrastructure assets. The Finance Division must be notified of any transfer of assets from one department to another.

8. IMPAIRMENT OF CAPITAL ASSETS

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Common indicators of impairment, as stated by GASB Statement No. 42, paragraph 9, include:

- Evidence of physical damage, such as building damage by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- Enactment or approval of laws or regulations or other changes in environmental factors, such as new water quality standards that a water treatment plant does not meet (and cannot be modified to meet).
- Technological development or evidence of obsolescence, such as a major piece of equipment that is rarely used because newer equipment provides better service.
- A change in the manner or expected duration of use of a capital asset. If the City intends to sell an asset, but it is still being used until it is sold, it is not an indicator of potential impairment. However, if the asset will not continue to be used, it may qualify as a potential impairment indicator.
- Construction stoppage, such as stoppage of construction of a building due to lack of funding.

The list above is not all-inclusive. Professional judgment must be used to identify other events and changes that could indicate impairment.

If the magnitude of the decline in service utility is permanent, significant, and if the decline in service utility is unexpected, then the Finance Division will need to adjust the Capital Asset to reflect the impairment losses including any insurance recoveries in accordance with GASB Statement No. 42.

It is the responsibility of the Department Director to notify the Finance Division of any Impaired Assets, including providing any documentation pertaining to the impairment such as insurance claims filed, police reports, utility studies/projections, etc.

9. DISPOSING OF CAPITAL ASSETS

The disposal of capital assets will follow the procedures set forth in the City's Purchasing Policy.

10. DISPOSING OF INFRASTRUCTURE ASSETS

An infrastructure asset is usually only disposed of in connection with its replacement or reconstruction. The General Services Department and the Finance Division are responsible to coordinate the identification of the new and old assets so the proper financial reporting can be accomplished.

Policy Tracking Information

January 14, 2004	Policy Adopted
August 30, 2016	Updated useful life information, added more definitions of capital asset terminology
June 8, 2023	Updated capitalization thresholds, updated materiality for “bulk purchases”, added “Art” as an asset class, added tables to clarify useful life by asset class, added capitalization guidelines and thresholds for leases and software-based information technology agreements, updated the inventory section to be more comprehensive, added a section for the impairment of capital assets.

City of Citrus Heights

Asset Capitalization and Inventory Control Policy

~~July~~ June 2023

(Proposed)

Presented to Council on ~~July-June XX8~~, 2023

CITY OF CITRUS HEIGHTS

ASSET CAPITALIZATION AND INVENTORY CONTROL

POLICY

~~July-June~~ 2023 (Proposed)

1. PURPOSE

The purpose of this policy is to ensure adequate control and appropriate use of City capital assets and infrastructure assets. The procedures are intended to define capital assets and infrastructure assets and to establish guidelines for their budgeting, purchasing, use, accounting, inventorying, transferring, and disposal.

2. SCOPE OF POLICY

The provisions of this policy shall apply to all departments and divisions of the City and to all capital assets and infrastructure assets acquired by the City.

It is the responsibility of all Departments to ensure that:

- Proper budgeting and purchasing guidelines for acquiring assets are followed.
- Assets assigned to their department are adequately controlled and periodically inventoried.
- Assets are used for appropriate City purposes.
- Proper procedures are followed for the transfer and disposal of assets.

It is the responsibility of the General Services Department to ensure infrastructure assets are identified and inventoried on a regular basis. It is the responsibility of the Finance Department to accurately account for and report capital assets and infrastructure assets in financial reports issued to external reporting agencies, granting agencies, and the public.

3. DEFINITIONS

Capital Asset: Generally, if an asset has a cost greater than \$~~5~~10,000 and has a useful life of more than one year, it will be considered a capital asset and should be capitalized. Furthermore, if an asset's individual acquisition costs are less than the threshold for an individual asset but the aggregate costs when purchased in bulk are more than the threshold, the bulk purchase is considered significant and should be capitalized. Capitalization is an accounting procedure that spreads out the cost of the asset over its useful life, rather than expensing the cost in the year purchased. Examples of capital assets are equipment, computers, buildings, vehicles, furniture, and leasehold improvements. Generally Accepted Accounting Principles will be used to help define what can be considered a capital asset.

Infrastructure Asset: In general, all infrastructure assets with an original cost greater than \$~~25~~50,000 will be capitalized. Examples of infrastructure assets include:

- pavement (streets and roads),
- sidewalk/curb/gutter,
- storm drain pipes/structures,
- landscaping, and
- traffic signals/devices.

Generally Accepted Accounting Principles will be used to help define what can be considered an infrastructure asset.

Fair Value: The estimated value of the asset for which it would be exchanged between a willing buyer and seller. In addition, both parties should have knowledge of all facts and consider it an equitable exchange.

Historical Costs: The value placed on the asset at the time of acquisition.

Acquisition Date: The date the City took ownership of the asset.

Acquisition Value: The price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date.

Useful Life: The period of time the asset will be of service to the City.

4. GENERAL

All assets meeting the definitions of a capital asset shall be recorded in the City's capital asset system. The City shall establish an internal control structure over the capital assets that provide reasonable assurance of effective and efficient operations, reliable financial reports and compliance with applicable laws and regulations.

All capital assets shall be recorded at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition—such as freight and transportation charges, site preparation costs, and professional fees. ~~Police vehicle capitalization amounts will include light bars and painting/decals and exclude other ancillary costs.~~

Donated capital assets should be reported at the market value.

- 4.1. **Budgeting for Capital Assets and Infrastructure Assets:** The purchase of newly acquired capital assets will be approved through the operating budget process. The replacement of existing capital assets that are worn or obsolete, will be at the discretion of the City Manager and will be paid for out of the City's Replacement Fund.

The purchase of infrastructure assets will be approved through the capital budget process. The City's Replacement Fund will not be used for the replacement of infrastructure assets.

- 4.2. **Purchasing of Capital Assets and Infrastructure Assets:** The purchase of capital assets and infrastructure assets will follow the procedures set forth in the City's Purchasing Policy.

4.3. **Use of Capital Assets:** Proper use, maintenance, and protection from loss, theft, or vandalism are the responsibility of the Department to which the asset is assigned.

4.4. **Use of Infrastructure Assets:** The City will obtain infrastructure assets for the use and enjoyment of its citizens. The General Services Department is responsible for maintaining and safeguarding the City's infrastructure assets.

5. ASSET CLASSIFICATION, DEFINITION AND USEFUL LIFE

The Finance Department is responsible for recording the City's capital assets according to generally accepted accounting principles. Generally, the capitalization threshold will be \$~~5~~10,000. This threshold is applied to individual units of capital assets. Repairs and improvements will only be capitalized if they exceed \$~~5~~10,000 and extend the useful life of the asset. Capital projects will be capitalized as "construction in progress" until completed.

All capital assets should be categorized into one of the following classifications:

- Land and Land Improvements
- Art
- Building and Building Improvements
- Machinery and Equipment
- Infrastructure
- Construction in Progress

5.1. Land and Land Improvements

Land Definition

Land is raw land, which can be used to support structures, or may be used to grow grass, shrubs, and trees.

Land Improvement Definition

Land improvements consist of betterment, site preparation and site improvements (other than buildings) that ready land for its intended use. The costs associated with improvements to land are added to the cost of the land.

5.2. Art

Art and Historical Treasures Definition

Works of art, historical treasures, and other similar assets are defined as one or more items that are held for public exhibition, education, or research in furtherance of public service.

5.2.5.3. Building and Plant Improvements

Building Definition

A building is a structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable.

Building Improvement Definition

Building improvements are capital ~~events-assets~~ that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized and recorded as an addition of value to the existing ~~building, if~~ building if the expenditure for the improvement is equal to or above the capitalization threshold.

~~5.3-5.4.~~ Machinery and Equipment

Machinery and Equipment Definition

Machinery and equipment are cCapital assets used for operations that are not permanently attached to real property. Improvements or additions to existing machinery and equipment shall be capitalized if the value of the improvements or addition is equal to or above the capitalization threshold and extends the life of the original asset. The value of the improvement or addition should be added to the value to the existing asset.

~~5.4.-~~

5.5. The following useful life will be used ~~for capital assets~~:

<u>CAPITAL ASSET</u>	<u>USEFUL LIFE</u>
<u>Land & Art</u>	<u>Indefinite</u>
Building and Plant	5-50 years
Buildings	50 years
Office Furniture ;	<u>5 years</u>
Machinery and Equipment	5 years
Computer Equip(except network equip/phone system)	5 years
Network Equipment/Phone System	10 years
Leasehold Improvements	5 years
Vehicles	5-15 years
Patrol Cars/SUVs	6 years
City Cars, Police Admin, Detective Cars/SUVs	8 years
Motorcycles	5 years
Pickups/Vans	10 years
Trailers/Chippers	15 years

5.6. Accounting for Infrastructure Assets

The Finance Department is responsible for recording the City's infrastructure assets according to generally accepted accounting principles. Generally, the capitalization threshold will be ~~\$2550,000~~. The City will use the Standard Valuation Approach for determining the value of infrastructure assets. This approach determines the historical cost and accumulated depreciation

of the asset and records it on the balance sheet accordingly. Repair costs will not be capitalized. Improvements will be capitalized if their cost exceeds \$~~25~~50,000 and the improvement extends the useful life of the asset. Capital projects will be capitalized as “construction in progress” until completed.

Infrastructure Definition

Infrastructure is long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature.

Infrastructure Improvements Definition

Infrastructure improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized and recorded as an addition of value to the infrastructure being improved.

Infrastructure Useful Life

The following useful life will be used for infrastructure assets:

<u>INFRASTRUCTURE ASSET</u>	<u>USEFUL LIFE</u>
Pavement	50 years
Sidewalk/Curb/Gutters	50 years
Storm Drain Pipes/Structures	50 years
Land Improvements	15 years
Traffic Signal/Devices	40 years
Streetlights	35 years
Traffic Signal/Devices	40 years
Signage	25 years

5.7. Construction in Progress

Construction in Progress Definition

Construction in progress reflects the economic construction activity status of land, land improvements, building, building improvements, infrastructure, and machinery and equipment, which are substantially incomplete.

5.8. Accounting for Leases and Subscription-Based Information Technology Arrangements

The Governmental Accounting Standards Board (GASB) has introduced two new accounting statements: GASB Statement No. 87, Leases (GASB 87) and GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). Each time a new contract is approved that is a lease or SBITA contract or is a contract with a lease or SBITA component, the Contracting Department must notify the Finance Division. If there is any uncertainty as to the nature of an agreement or the applicability of GASB 87 or GASB 96, the Contracting Department should contact the Finance Division to obtain clarity.

Definitions

In accordance with GASB 87 and GASB Statement No. 96, SBITAs (GASB 96), a lease and a SBITA are defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transactions (i.e., buildings, land, vehicles, equipment, and information technology resources). Any contract that meets this definition should be accounted for under the guidance of GASB 87 or GASB 96, as appropriate. Subject to certain provisions and exceptions noted in the guidance, leases and SBITAs are generally reported as follows in the City's external financial statements:

Lessee/Contractee

A lessee/contractee should recognize a liability and an asset at the commencement of the lease/contract term. A lessee/contractee should reduce the liability as payments are made and recognize an outflow of resources (i.e., expense) for interest on the liability. The lessee/contractee should amortize the asset in a systematic and rational manner over the shorter of the lease/contract term or the useful life of the underlying asset.

Lessor

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. A lessor should recognize interest revenue on the lease receivable and an inflow of resource (i.e., revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease.

Materiality Threshold

At the commencement of the lease term, the City will analyze the terms and provisions of the lease agreement (contract) in order to calculate the value of the underlying asset.

An individual lease agreement or SBITA that generates a right-to-use underlying asset value calculated at greater than or equal to \$10,000 will be included in the external financial statements.

6. INVENTORY AND TRANSFER OF CAPITAL ASSETS

A physical inventory will be conducted at least once every two years. The Finance Division will supply each department with an inventory worksheet of all capital assets under their control. Each department will conduct a physical inventory of the items, verifying the existence and condition of each item on the worksheet, and making note of any additions, deletions, interdepartmental transfers, modifications, or leases of property that are not reflected on the list. The final list will be reviewed and signed by the department director and returned to the Finance Division.

The signed list shall certify that:

- They have the item
- Missing items are properly explained and noted as “missing”, “sold”, “transferred to,” etc.
- Incomplete information is corrected
- Items not included in the inventory sheet, but physically located, are added
- Information not reflected in the inventory report, which includes, but is not limited to the information required by grantors, or impairments is noted~~An inventory of the capital assets assigned to a Department will be maintained by that Department. Each department is responsible for performing periodic physical inventories of their assigned capital assets. Lost, stolen, or damaged assets should be reported to the Finance Department.~~

The Finance ~~Department~~ Division must also be notified of any transfer of assets from one department to another.

7. INVENTORY AND TRANSFER OF INFRASTRUCTURE ASSETS

The General Services Department is responsible for inventorying (safeguarding) infrastructure assets. ~~T~~The Finance ~~Department~~ Division must be notified of any transfer of assets from one department to another.

8. IMPAIRMENT OF CAPITAL ASSETS

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Common indicators of impairment, as stated by GASB Statement No. 42, paragraph 9, include:

- Evidence of physical damage, such as building damage by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.
- Enactment or approval of laws or regulations or other changes in environmental factors, such as new water quality standards that a water treatment plant does not meet (and cannot be modified to meet).
- Technological development or evidence of obsolescence, such as a major piece of equipment that is rarely used because newer equipment provides better service.
- A change in the manner or expected duration of use of a capital asset. If the City intends to sell an asset, but it is still being used until it is sold, it is not an indicator of potential impairment. However, if the asset will not continue to be used, it may qualify as a potential impairment indicator.
- Construction stoppage, such as stoppage of construction of a building due to lack of funding.

The list above is not all-inclusive. Professional judgment must be used to identify other events and changes that could indicate impairment.

If the magnitude of the decline in service utility is permanent, significant, and if the decline in service utility is unexpected, then the Finance Division will need to adjust the Capital Asset to reflect the impairment losses including any insurance recoveries in accordance with GASB Statement No. 42.

It is the responsibility of the Department Director to notify the Finance Division of any Impaired Assets, including providing any documentation pertaining to the impairment such as insurance claims filed, police reports, utility studies/projections, etc.

8.9. DISPOSING OF CAPITAL ASSETS

The disposal of capital assets will follow the procedures set forth in the City's Purchasing Policy.

9.10. **DISPOSING OF INFRASTRUCTURE ASSETS**

An infrastructure asset is usually only disposed of in connection with its replacement or reconstruction. The General Services Department and the Finance ~~Department~~ Division are responsible to coordinate the identification of the new and old assets so the proper financial reporting can be accomplished.

Policy Tracking Information

December 29, 2003 <u>January 14, 2004</u>	Policy Created <u>Adopted</u>
August 30, 2016	Updated useful life information, added more definitions of capital asset terminology
<u>June 8, 2023</u>	<u>Updated capitalization thresholds, updated materiality for “bulk purchases”, added “Art” as an asset class, added tables to clarify useful life by asset class, added capitalization guidelines and thresholds for leases and software-based information technology agreementsagreements, updated the inventory section to be more comprehensive, added a section for the impairment of capital assets.</u>



CITY OF CITRUS HEIGHTS
CITY COUNCIL STAFF REPORT
MEMORANDUM

DATE: June 8, 2023

TO: Mayor and City Council Members
 Ashley J. Feeney, City Manager

FROM: Regina Cave, General Services Director
 Mary Poole, Operations Manager

SUBJECT: **Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements**

Summary and Recommendation

Senate Bill 1383, California's Short-lived Climate Pollutant Reduction Strategy (SB 1383) requires jurisdictions to have programs that recover 20% of the edible food being disposed of, for human consumption by 2025. Programs must include education, inspections, and enforcement for edible food generators and provide for increased capacity at food recovery organizations, including funding the additional capacity if needed. City staff have worked with jurisdictions in Sacramento County to develop a regional approach to meeting the edible food recovery obligations required by the unfunded mandates associated with SB 1383. A professional solid waste consulting firm provided assistance to develop a County-wide Memorandum of Understanding (MOU) to ensure the jurisdictions within Sacramento County can meet the requirements in the most cost-effective manner possible.

Staff recommends the City Council adopt Resolution No. 2023 - ____ A Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements.

Fiscal Impact

Funding for Year 1 of the MOU has been programmed in the FY 2023-2024 Budget out of commercial solid waste franchise fees (fund 510). Ongoing program costs will be included in the annual budget update process.

Background and Analysis

Background

Senate Bill 1383, California's Short-lived Climate Pollutant Reduction Strategy (SB 1383) requires jurisdictions to have programs that recover 20% of the edible food being disposed of, for human consumption by 2025. Programs must include education, inspections, and enforcement for edible food generators and provide for increased capacity at food recovery organizations, including funding the additional capacity if needed. This law required large commercial edible food generators, namely grocery stores, supermarkets, and wholesale distributors, identified as Tier 1 generators, to donate food beginning in 2022, and expands edible food recovery requirements to restaurants, hotels, health facilities, and schools, identified as Tier 2 generators, beginning in 2024.

In November 2021 the city, in partnership with other Sacramento County jurisdictions, entered into an agreement with R3 Consulting Group (R3) to complete several of the SB 1383 edible food recovery preliminary planning tasks. R3 identified all Tier 1 and Tier 2 edible food generators (Attachment 2), identified all food recovery organizations and their food recovery capacity, and prepared a draft budget and implementation schedule for a regional program. R3 Consulting Group concluded that regionally there is minimal need for additional capacity to support edible food recovery for Tier 1 generators through the Sacramento Food Bank and Family Services (SFBFS) of which Citrus Heights' Sunrise Christian Food Ministry's food bank is a member. However, significantly expanded food recovery capacity will be needed to support food recovery activities from Tier 2 generators.

Notably, the identified Tier 2 generators largely generate prepared foods, which SFBFS and/or its partner agencies do not currently handle, nor do they expect to be able to handle. Therefore, there is not yet enough food recovery capacity in the region to accept this type of donation and additional recovery infrastructure is needed. R3 has identified several "fee for service" type businesses that specifically focus on recovery of prepared foods from Tier 2 generators and recommends contracting regionally with one of these services to collect and transport edible food between jurisdictional boundaries. These business models are app based, which can easily connect edible food generators with prepared foods for donation to people in need of the food.

Following R3's capacity study, Sacramento County and the cities of Citrus Heights, Elk Grove, Folsom, Galt, Sacramento, and Rancho Cordova, collectively known as the Edible Food Recovery Working Group (EFRWG), have been participating in a regional effort to meet edible food recovery requirements outlined by SB 1383 and ensure adequate regional capacity to preserve, store, and distribute this additional food.

Analysis

R3 Consulting Group recommends that the best way for all jurisdictions to meet the edible food recovery requirements is to create a regional program that involves participation in an EFRWG Memorandum of Understanding (MOU). The MOU will formally establish the EFRWG consisting of members from all participating jurisdictions. The agreement includes hiring a regional Edible

Food Recovery (EFR) Consultant to complete certain program tasks such as maintaining a current list of edible food generators, coordinating with food recovery organizations to ensure capacity is maintained or expanded where needed, applying for grants, administering a grant program established by the EFRWG, and preparing an annual budget and work plan. The EFRWG will oversee the work of the EFR Consultant and vote on the annual budget and work plan.

Participating jurisdictions will fund the MOU based equally on two factors, population, and the total number of edible food generators within each jurisdiction. Attachment 3 shows the proposed budget shares for years 1 and 2 of the MOU. Each year the budget is subject to change based on program needs. The shared expenses include hiring a consultant, support for capital replacement at food recovery organizations, support for expanding capacity at existing food recovery organizations, and other administrative and program costs including contracting with a service(s) to collect and distribute edible food from Tier 2 businesses.

Participation in the MOU has several advantages, including the following: access to food recovery expertise; a regional outreach campaign; the ability for edible food to reach those in need without the barrier of city and county boundaries; the ability to leverage procurement of a Tier 2 vendor to transport prepared food in a timely manner; and a program consultant who will take direction from the EFRWG and administer all elements of the program. City staff will still be responsible for education, inspections, enforcement, and related recordkeeping and reporting for edible food generators within city jurisdiction.

If the city elects not to participate in the MOU, the city would need to hire a full-time employee or contract staff with the expertise to create and manage a Citrus Heights specific program. The city would also be solely responsible to fund any additional edible food recovery capacity in the city and support expenses to maintain current capacity. Currently, the city does not have capacity to recover prepared foods from Tier 2 generators. Furthermore, if the city chooses to operate its own program, the city would not have access to economies of scale afforded through the EFRWG.

The unfunded mandates dictated by SB 1383 and related to Edible Food Recovery suggest that franchise fees or local assessments be utilized as funding sources. Citrus Heights has included funding for the MOU in the proposed solid waste budget under the commercial solid waste division, which is funded by commercial franchise fees. In addition, staff will continue to seek grant funding from CalRecycle as programs are made available.

Attachments

- 1) Resolution No. 2023 - ____ A Resolution Authorizing the City Manager to Execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements.
- 2) List of Tier 1 and 2 Generators
- 3) Proposed Funding Allocation

RESOLUTION NO. 2023- ____**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH THE COUNTY OF SACRAMENTO, AND CITIES OF ELK GROVE, FOLSOM, GALT, RANCHO CORDOVA, AND SACRAMENTO TO MEET CERTAIN SB 1383 EDIBLE FOOD RECOVERY REGULATORY REQUIREMENTS**

WHEREAS, Senate Bill 1383, California's Short-lived Climate Pollutant Reduction Strategy (SB 1383) requires jurisdictions to have programs to recover 20% of edible food being disposed of, for human consumption; and

WHEREAS, SB 1383 defines edible food generators required to donate edible food; and

WHEREAS, jurisdictions are required to increase edible food capacity to ensure all captured edible food generators have access to sufficient recovery services; and

WHEREAS, jurisdictions are required to provide education, monitor and enforce edible food requirements for generators within their boundaries; and

WHEREAS, staff have participated in planning efforts with a regional Edible Food Recovery Working Group (EFRWG) consisting of jurisdictions within Sacramento County; and

WHEREAS, the EFRWG hired an outside consultant to analyze edible food capacity and ongoing program needs; and

WHEREAS, the city desires to participate in an agreement with the EFRWG to establish a regional program to meet certain edible food requirements of SB 1383; and

WHEREAS, funding the first year of the agreement is included in the Fiscal Year 2023-2024 Budget funded by commercial solid waste franchise fees (fund 510) and funding for subsequent years will be budgeted on an annual basis; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Citrus Heights authorizes the City Manager to execute an Agreement with the County of Sacramento, and Cities of Elk Grove, Folsom, Galt, Rancho Cordova, and Sacramento to Meet Certain SB 1383 Edible Food Recovery Regulatory Requirements.

PASSED AND ADOPTED this 8th day of June 2023, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Tim Schaefer, MAYOR

ATTEST:

Amy Van, CITY CLERK

Citrus Heights Tier 1 and Tier 2 Generators (SB 1383)

Business Name	Facility Address	Tier
Costco Wholesale	7000 Auburn Blvd	Tier 1
Foodmaxx	6982 Sunrise Blvd	Tier 1
Raley's	7847 Lichen Dr	Tier 1
Safeway	7301 Greenback Ln	Tier 1
Sam's Club	7147 Greenback Ln	Tier 1
Smart & Final Extra!	7945 Madison Ave	Tier 1
Sprouts Farmers Market	7905 Greenback Ln	Tier 1
Walmart Neighborhood Market	6197 Sunrise Blvd	Tier 1
Walmart Supercenter	7010 Auburn Blvd	Tier 1
Grocery Outlet	6059 Greenback Ln	Tier 1
R Vida Cantina	7040 Sunrise Blvd	Tier 2
Olive Garden Italian Kitchen	5445 Sunrise Blvd	Tier 2
Elephant Bar-Citrus Heights	6063 Sunrise Mall	Tier 2
Red Lobster	6231 Sunrise Blvd	Tier 2
Texas Roadhouse	6309 Sunrise Blvd	Tier 2
Red Robin Gourmet Burgers	7990 Greenback Ln # J	Tier 2
Applebee's Grill + Bar	6900 Auburn Blvd	Tier 2
Black Angus Steakhouse	7925 Greenback Ln	Tier 2
Buffalo Wild Wings Grill & Bar	6301 Sunrise Blvd	Tier 2
Leatherby's Family Creamery	7910 Antelope Rd	Tier 2
Perko's Cafe & Grill	6215 Sunrise Blvd	Tier 2
Round Table Pizza Royalty	7873 Lichen Dr	Tier 2
Black Bear Diner	7935 Madison Ave	Tier 2
Felipe's Mexican Restaurant	7959 Auburn Blvd	Tier 2
Chuck E Cheese	Sunrise Blvd	Tier 2
MANORCARE HEALTH SERVICES	7807 Uplands Way	Tier 2

ITEM 8

Jurisdiction	Collection Component						Distribution Component	
	Tier 1		Tier 2		Tier 1 + Tier 2		Population	
							Residents	% of Total
Citrus Heights	10	4%	17	9%	27	6%	87,811	6%
Elk Grove	23	8%	27	14%	50	11%	176,154	11%
Folsom	13	5%	21	11%	34	7%	81,610	5%
Galt	4	1%	2	1%	6	1%	25,849	2%
Rancho Cordova	13	5%	10	5%	23	5%	78,381	5%
Sacramento	114	42%	62	32%	176	38%	510,931	33%
County	94	35%	56	29%	150	32%	587,898	38%
	271	100%	195	100%	466	100%	1,548,634	100%

Jurisdiction	50% - 50% Allocation	\$1.5 Million Year 1 Budget	\$1.975 Million Year 2 Budget
		Year 1	Year 2
Citrus Heights	6%	\$ 85,982	\$ 113,209
Elk Grove	11%	\$ 165,783	\$ 218,281
Folsom	6%	\$ 94,245	\$ 124,089
Galt	1%	\$ 22,175	\$ 29,197
Rancho Cordova	5%	\$ 74,977	\$ 98,720
Sacramento	35%	\$ 530,705	\$ 698,761
County	35%	\$ 526,134	\$ 692,743
Total	100%	\$ 1,500,000	\$ 1,975,000



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT

MEMORANDUM

DATE: June 8, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Regina Cave, General Services Director
Mary Poole, Operations Manager

SUBJECT: **Resolution of Intention of the City Council of the City of Citrus Heights to Record Delinquent Solid Waste Service Charges, Penalties and Interest on the Property Tax Roll**

Summary and Recommendation

Staff recommends the City Council adopt Resolution No. 2023-____, A Resolution of the City Council's Intention to Record Delinquent Solid Waste Service Charges, Penalties and Interest on the Property Tax Roll. These charges will be collected with the general tax levy collected by Sacramento County. Delinquent charges are recorded on the tax roll once each year.

Fiscal Impact

There is no impact to the FY 22/23 budget. This item is included in the annual solid waste budget. The County charges an annual fee of \$35.00 plus 62 cents per levy to record delinquent accounts on the tax roll. The actual number of delinquent accounts will be determined on July 14, 2023.

Background and Analysis

Per Government Code Sections 38790.1, 25831, and the City's Municipal Code Chapter 74 Section 169, the City can record delinquent solid waste charges, penalties, and interest on the annual tax roll. The Government Code and Municipal Code also provide for a public hearing before the City Council for hearing objections to the proposed action or amount of charges, or both. The public hearing is proposed to be set for July 13, 2023.

As of May 15, 2023, there were 1420 delinquent accounts, with a past due balance of \$610,460.59 and penalties of \$61,046.06 for a total of \$671,506.65. The list of delinquent accounts will be updated on July 14, 2023 and recorded on the tax roll in August 2023. The

County will collect one half of the amount due in December 10, 2023 and one half in April, 2024. The County will forward the payments to the City in January and May 2024.

Attachments

- 1) Resolution No. 2023-_____ Resolution of Intention of the City Council of the City of Citrus Heights to Record Delinquent Solid Waste Service Charges, Penalties and Interest on the Property Tax Roll

RESOLUTION NO. 2023-

**RESOLUTION OF INTENTION OF THE CITY COUNCIL OF THE
CITY OF CITRUS HEIGHTS TO RECORD DELINQUENT
SOLID WASTE SERVICE CHARGES, PENALTIES AND INTEREST
ON THE PROPERTY TAX ROLL**

WHEREAS, the City Council of the City of Citrus Heights has determined that charges for solid waste collection services will be paid by the owner of record of the parcel receiving such services;

WHEREAS, Sacramento County will collect from the owner of record via the annual general tax levy any delinquent charges, penalties, and interest submitted to the County by the City of Citrus Heights;

WHEREAS, City Council sets July 13, 2023 at 6:00 p.m., or as soon thereafter as the matter may be heard, in the City Council Chambers, 6360 Fountain Square Drive, Citrus Heights as the time and place where any and all persons having objections to the proposed collection of delinquent solid waste charges, penalties, and interest can show cause as to why the proposed actions should not be carried out in accordance with the Resolution of Intention.

NOW THEREFORE BE IT RESOLVED that the City Council hereby gives notice that any owner of property liable to be assessed for a delinquent solid waste charge may, at any time not later than the hour set for hearing objections to the proposed collection of such delinquent charges on the tax roll, make and file with the City Clerk a written protest against the proposed action herein described or against the amount of charges, or both.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 8th day of June, 2023, by the following vote, to wit:

AYES: **Council Members:**
NOES: **Council Members:**
ABSTAIN: **Council Members:**
ABSENT: **Council Members:**

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: June 8, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Meghan Huber, Economic Development & Community Engagement
Director
Courtney Riddle, Management Analyst II

SUBJECT: Resolution Approving Community Projects Grant Awards

Summary and Recommendation

At the May 10, 2022, Strategic Planning Retreat, City Council set a strategic goal to “Present to City Council for consideration a proposal that would provide grants to community groups to facilitate community projects that engage citizens, improve the community, and promotes community involvement and pride.” City Council approved the Community Projects Grant program guidelines and a \$50,000 funding allocation at the September 22, 2022 City Council meeting.

The Citrus Heights Community Projects Grant program was launched to the public on March 1, 2023. The program was open to any 501c3, community group, or organization to implement projects or host events that improve the quality of life and promote community connection and engagement within the City. Twelve applications were received that, in total, equaled \$350,000 in funding requests. The applications were creative and showcased a variety of projects and events to serve the community.

Staff reviewed applications for eligibility and recommendation using a rubric. On May 16, 2023 City Council Finance Committee met with Staff to review the applications and the scoring rubric. Staff provided a detailed overview of the grant eligibility criteria and the point value assigned to each review item to ensure equity in the assessment process. The Committee agreed with staff recommendations for awards and authorized taking the recommendations to the full City Council.

Staff and Finance Committee recommend City Council adopt Resolution No. 2023-xxxx, a Resolution of the City Council of the City of Citrus Heights Approving Community Projects Grant Awards.

City Council Strategic Goal/Objective

This staff report aligns with the following Citrus Heights City Council Strategic Plan Objectives:

Goal: Enhance Community Vibrancy and Engagement

Fiscal Impact

An allocation of \$50,000 in American Rescue Plan Act (ARPA) funds was approved for the Community Projects Grant program. The City Council Finance Committee recommended that five community projects in FY 22-23 receive grant funding for \$27,400, leaving a fund balance of \$22,600 for future rounds.

Staff recommends replenishing the grant funding for round two back to \$50,000. This would require an American Rescue Plan Act funding allocation of \$22,600.

The table below provides a history of ARPA allocations to date, along with the remaining balance that is to be allocated by December 2024 with expenditures occurring by December 2026:

ARPA FUNDING ALLOCATION SUMMARY		
Total City Allocation		\$15,676,972
6/24/2021	Rehire public safety to pre-pandemic levels FY 2021/22	(\$1,570,105)
6/24/2021	Rehire public safety to pre-pandemic levels FY 2022/23	(\$2,811,775)
1/13/2022	Small Business COVID Recovery Grant	(\$281,111)
6/23/2022	Beautification Crew Pilot Program +	(\$875,000)
6/23/2022	Community Block Party Trailer – Community Engagement +	(\$50,000)
6/23/2022	Police Fleet Vehicles and Equipment	(\$1,400,000)
6/23/2022	Police Department Communications Center Critical Needs	(\$600,000)
9/22/2022	Community Projects Grant Program +	(\$50,000)
10/27/2022	ERP System and Technology Updates +	(\$1,198,350)
12/8/2022	Infrastructure Financing Strategies for Sunrise Tomorrow +	(\$40,000)
12/8/2022	REAP 2.0 Higher Impact Transformative Allocation*	(\$1,000,000)
1/26/2023	Patriotic Event +	(\$80,000)
2/23/2023	Citrus Heights Cares Campaign – Beautification +	(\$47,000)
2/23/2023	Business Attraction Incentive Program - Economic Development +	(\$1,000,000)
4/27/2023	Sound Wall Beautification +	(\$155,000)
5/11/2023	Comprehensive Grant Strategy Contract +	(\$60,000)
5/25/2023	Rehire public safety to pre-pandemic levels FY 2023/24	(\$2,396,381)
5/25/2023	Fleet replacement FY 2023/24	(\$400,000)
6/8/2023	Proposed Community Project Grant Round 2	(\$22,600)
Total Allocation Remaining		\$1,639,650

+ City Council Strategic Objective

*Dependent on the successful award of the grant

** Dependent on program subscription

Background and Analysis

Community feedback indicates that Citrus Heights residents desire increased community connection. In the City Council-adopted Focus Area Work Plan, staff curated extensive recommendations utilizing American Rescue Plan Act funding to meet this community's desire and achieve results. Recommendations included city-produced events, community engagement programming, and outreach with Community grant programs where funding could be used to seed new community events and projects that achieve connection. At the City Council Strategic Planning Retreat on May 10, 2022, City Council adopted a strategic goal for staff to "Present to City Council for consideration a proposal that would provide grants to community groups to facilitate community projects that engage citizens, improve the community and promotes community involvement and pride." The Citrus Heights Community Projects Grant Program was created to provide grants to community groups to implement special projects that engage citizens in creative efforts to improve the community and promote community involvement, connection, and pride.

A 60-day online application period for the Citrus Heights Community Projects Grant Program opened on March 1, 2023. Community Engagement staff created inspirational marketing materials to germinate project ideas and performed direct outreach to community groups to generate awareness and interest. Additional promotions included press releases to local media, e-news, social media, and announcements at local meetings. On March 27, 2023, staff conducted an information session in the City Council chambers and via Zoom for thirty-six (36) registered attendees. Those in attendance had the opportunity to discuss the program with staff and have Q&A after the presentation. The application deadline was also extended by two weeks to ensure enough time for interested parties to complete applications.

Application Review Process

Staff developed a scoring rubric that allowed for objective quantitative and qualitative reviews of the applications to ensure consistency with the eligibility requirements. Applications that defined their scope of work, including a work plan and itemized budget aligned to the Community Projects Grants eligibility guidelines, were given points ranging from one (1) point to five (5) with a maximum point value of 39.

Staff reviewed each application utilizing the scoring rubric to assign point values for each of the program's eligibility requirements. Applicants with scores above 30 out of a maximum point value of 39 were recommended to the City Council Finance Committee for award. Upon review of the scoring metric, the Committee recommended awarding \$27,400 to five (5) community groups.

Recommended award amounts on some applications have been reduced due to portions of the submitted expense requests are ineligible as established in the adopted guidelines. Staff have confirmed with recommended award recipients that the projects are still able to be executed at the reduced amount.

Overview of Recommended Applications

Applicant	Description of Project	Total Budget	Request	Award	Score
Citrus Heights Women's Club	Distribution of "Friendship Bags" filled with essentials at senior apartments and facilities.	\$15,000	\$15,000	\$5,000	29
Citrus Heights Arts	Summer Art & Music Series. Events scheduled on the 3rd Saturday of the month in June, July, and August.	\$35,000	\$15,000	\$15,000	37
Junior Achievement of Sacramento	Provide 200 young people (ages 9-25) guidance to explore entrepreneurial opportunities through motivational interactions with local entrepreneurs and innovators	\$10,000	\$10,000	\$3,500	32
Royal Stage	Community open mic/talent show at their theater space inside of the Sunrise Mall. Six Fridays per year (and up to 12, depending upon demand) for around 50-65 participants.	\$13,720	\$6,720	\$1,900	32
Sunrise Christian Food Ministry	The Sunrise Christian Food Ministry and the Sayonora Center will partner to create a cooking class for the students. The program will target 60 participants benefiting up to 500 people (including family members)	\$32 pp	\$2,000	\$2,000	32

Next Steps

Upon City Council approval, staff will notify approved applicants of the award and provide administrative information. Staff will continue to support awarded projects and events by assisting with promotion, storytelling, and sharing successes.

Attachments

1. Resolution Approving Community Projects Grant Awards

RESOLUTION NO. 2023- ____**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CITRUS HEIGHTS, CALIFORNIA, APPROVING COMMUNITY PROJECTS GRANT AWARDS**

WHEREAS, Citrus Heights City Council set a strategic goal to “Enhance Community Vibrancy and Engagement”;

WHEREAS, at the May 10, 2022, Strategic Planning Retreat, City Council set a strategic goal to “Present to City Council for consideration a proposal that would provide grants to community groups to facilitate community projects that engage citizens, improve the community, and promotes community involvement and pride.”;

WHEREAS, in October 2022, the City circulated a Request for Proposals for the selection of the most qualified consultant for the creation and implementation of a Comprehensive Grant Strategy;

WHEREAS, City Council approved the Community Projects Grant program guidelines and a \$50,000 funding allocation at the September 22, 2022 City Council meeting;

WHEREAS, the Citrus Heights Community Projects Grant program was launched to the public on March 1, 2023 and received 12 applications;

WHEREAS, staff reviewed applications for eligibility and recommendation using a rubric to make approval recommendations to the City Council Finance Committee; and

WHEREAS, on May 16, 2023 City Council Finance Committee agreed with the recommendations and advanced them to City Council for consideration.

NOW THEREFORE BE IT RESOLVED AND ORDERED, the City Council approves the following Community Project Grant awards;

Applicant	Award
Citrus Heights Women's Club	\$5,000
Citrus Heights Arts	\$15,000
Junior Achievement of Sacramento	\$3,500
Royal Stage	\$1,900
Sunrise Christian Food Ministry	\$2,000

BE IT FURTHER RESOLVED that the City Council of the City of Citrus Heights approves an amendment to the Fiscal Year 2022-23 Budget as provided below:

Budget Amendment: \$22,600
 Fund: General Fund/American Rescue Plan Act Funds (Fund 101)
 Department: Economic Development & Community Engagement

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 8th day of June 2023 by the following vote, to wit:

AYES: Council Members:
NOES: Council Members:
ABSTAIN: Council Members:
ABSENT: Council Members:

Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk



CITY OF CITRUS HEIGHTS

CITY COUNCIL STAFF REPORT MEMORANDUM

DATE: June 8, 2023

TO: Mayor and City Council Members
Ashley J. Feeney, City Manager

FROM: Regina Cave, General Services Director
Leslie Blomquist, City Engineer

SUBJECT: **Senate Bill 1 Road Maintenance and Rehabilitation Account Funding and Project Expenditure Plan for FY 2023-2024**

Summary and Recommendation

Pursuant to Senate Bill 1 (SB 1), all California counties and cities receiving enhanced transportation funding through the enacted gas tax increase are required to submit on an annual basis an expenditure plan for the respective agency's allocation of funds for the subsequent fiscal year.

Staff recommends the City Council adopt Resolution No. 2023-___ A Resolution of the City Council of the City of Citrus Heights, California, approving the Fiscal Year 2023-2024 Project Expenditure Plan to be Funded by Senate Bill 1: The Road Repair and Accountability Act of 2017.

Fiscal Impact

In accordance with the formulaic distribution of the existing gas tax funds, Citrus Heights is expected to receive an estimated \$2,168,336 in Road Maintenance and Rehabilitation Account (RMRA) funds for fiscal year 2023-2024. These funds will come to the city in the same manner as the existing gas tax funds, which is a monthly distribution based on actual revenues collected. The city's RMRA funds are programmed in the 2023-2024 budget, as well as the 5-year Capital Improvement Program adopted in 2021.

Background and Analysis

On April 28, 2017, SB 1 was enacted into law, which established the RMRA to address deferred maintenance on state highway, and local streets and road systems. The bill stipulates the RMRA funds shall be used for projects that include, but are not limited to, the following:

- Road maintenance and rehabilitation;
- Safety Projects;
- Railroad grade separations;

**Subject: Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Account Funding and Project List
for FY 2023-2024**

Date: June 8, 2023

Page 2 of 3

- Complete streets components, including active transportation purposes, pedestrian and bicycle safety projects, transit facilities, and drainage and storm water capture projects in conjunction with any other allowable project;
- Traffic control devices; and
- Matching funds for State and/or Federal grants for eligible projects.

In order to receive SB 1 funds, the California Transportation Commission (CTC) requires all local agencies submit an annual expenditure plan identifying the proposed projects to be funded with the RMRA funds, along with an adopted resolution containing the proposed projects. However, in recognizing the need for agencies to have greater flexibility in trying to address priorities and bridge funding gaps on existing projects, the CTC does permit acceptance of more broad form expenditure plans, indicating precise locations to be determined during the design phase. In accordance with Council's November 1, 2022 Strategic Objectives, staff and pavement consultants are in the process of developing a long term plan and approach for citywide pavement restoration, which will include arterials, collectors and residential streets, and will incorporate various methods and applications of street resurfacing aimed at increasing the city's overall pavement condition index.

The proposed improvement projects staff have identified for SB1 funding for FY 2023-2024 are as follows:

Project Title: San Juan Complete Streets Phase 1A

Project Description: Complete Streets and Pavement Restoration

Project Location: San Juan Avenue from Madison Avenue to Chesline Drive

Project Location PCI: 42 (average)

Estimated Project Schedule: Start (03/24) – Completion (05/25) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

Project Title: Pavement Restoration Program

Project Description: Pavement resurfacing; may include ADA, pedestrian and bike enhancements, traffic signal improvements and stormwater upgrades as determined during design

Project Locations: Dewey Drive, from south city limits to Greenback Lane; additional project locations to be determined

Project Location PCI: 39 (average for Dewey Drive only)

Estimated Project Schedule: Start (04/24) – Completion (11/24) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

Approved expenditures plans are required to be submitted to the CTC annually by July 1 to avoid delay in distribution of funds. Receipt of RMRA funds for Fiscal Year 2023/2024 will commence October 2023.

**Subject: Senate Bill 1 (SB1) Road Maintenance and Rehabilitation Account Funding and Project List
for FY 2023-2024**

Date: June 8, 2023

Page 3 of 3

Attachments

- 1) Resolution 2023-____, a Resolution of the City Council of the City of Citrus Heights, California, approving the Fiscal Year 2023-2024 Project List to be Funded by Senate Bill 1: The Road Repair and Accountability Act of 2017
- 2) Location Maps: San Juan Avenue; Dewey Drive

RESOLUTION NO. 2023- ____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CITRUS HEIGHTS, CALIFORNIA, APPROVING THE
FISCAL YEAR 2023-2024 PROJECT LIST TO BE FUNDED BY
SENATE BILL 1: THE ROAD REPAIR AND ACCOUNTABILITY ACT OF 2017**

WHEREAS, Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017 (Chapter 5, Statutes of 2017) was passed by California Legislature and signed into law in April 2017 to help address the significant multi-modal transportation funding shortfalls statewide;

WHEREAS, SB 1 includes provisions for transparency and accountability to help ensure the residents of Citrus Heights area aware of the projects being proposed with Road Maintenance and Rehabilitation Account (RMRA) funding, and that recipients are expending the funds on eligible projects that meet the objectives of SB 1;

WHEREAS, the City must adopt by resolution a list of projects proposed to receive fiscal year funding from the RMRA, created by SB 1, which must include a description and the location of each proposed project, a proposed schedule for the project's completion, and the estimated useful life of the improvements;

WHEREAS, the City will receive an estimated \$2,168,336 in RMRA funding from SB 1 in Fiscal Year 2023-2024;

WHEREAS, this is the seventh year in which the City is receiving SB 1 funding and will enable the City to continue essential road maintenance and rehabilitation projects, safety improvements, and increasing access and mobility options for the traveling public may not have otherwise been possible without SB 1;

WHEREAS, the data from the city's pavement analysis conducted in 2019 is maintained in an up-to-date Pavement Management Program, and presently reflects an average Pavement Condition Index (PCI) of 49 for the city's overall network;

WHEREAS, the updated 2021 California Statewide Local Streets and Roads Needs Assessment found that the overall network of streets throughout the greater Sacramento County region are in the "at-risk" category (50-70 PCI) with an average PCI of 58;

WHEREAS, the SB 1 project list and overall investment in our local streets and roads infrastructure with a focus on basic maintenance and safety, investing in complete streets infrastructure, and using cutting-edge technology, materials and practices where applicable will have significant positive impacts throughout our community and the region, including improving multi-modal transportation and supporting use of public transportation along transit service routes;

NOW, THEREFORE, IT IS HEREBY RESOLVED, AND FOUND by the City Council of the City of Citrus Heights, State of California, as follows:

1. The foregoing recitals are true and correct.
2. The following list of newly projects will be funded in-part or solely with the Fiscal Year 2023-2024 Road Maintenance and Rehabilitation Account revenues:

Project Title: San Juan Complete Streets Phase 1A

Project Description: Complete Streets and Pavement Restoration

Project Location: San Juan Avenue from Madison Avenue to Chesline Drive

Project Location PCI: 42 (average)

Estimated Project Schedule: Start (03/24) – Completion (05/25) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

Project Title: Pavement Restoration Program

Project Description: Pavement resurfacing; may include ADA, pedestrian and bike enhancements, traffic signal improvements and stormwater upgrades as determined during design

Project Locations: Dewey Drive, from south city limits to Greenback Lane; additional project locations to be determined

Project Location PCI: 39 (average for Dewey Drive only)

Estimated Project Schedule: Start (04/24) – Completion (11/24) based on the component being funded with RMRA funds

Estimated Project Useful Life: 20 years

The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original resolutions.

PASSED AND ADOPTED by the City Council of the City of Citrus Heights, California, this 8th day of June, 2023 by the following vote, to wit:

AYES: **Council Members:**

NOES: **Council Members:**

ABSTAIN: **Council Members:**

ABSENT: **Council Members:**

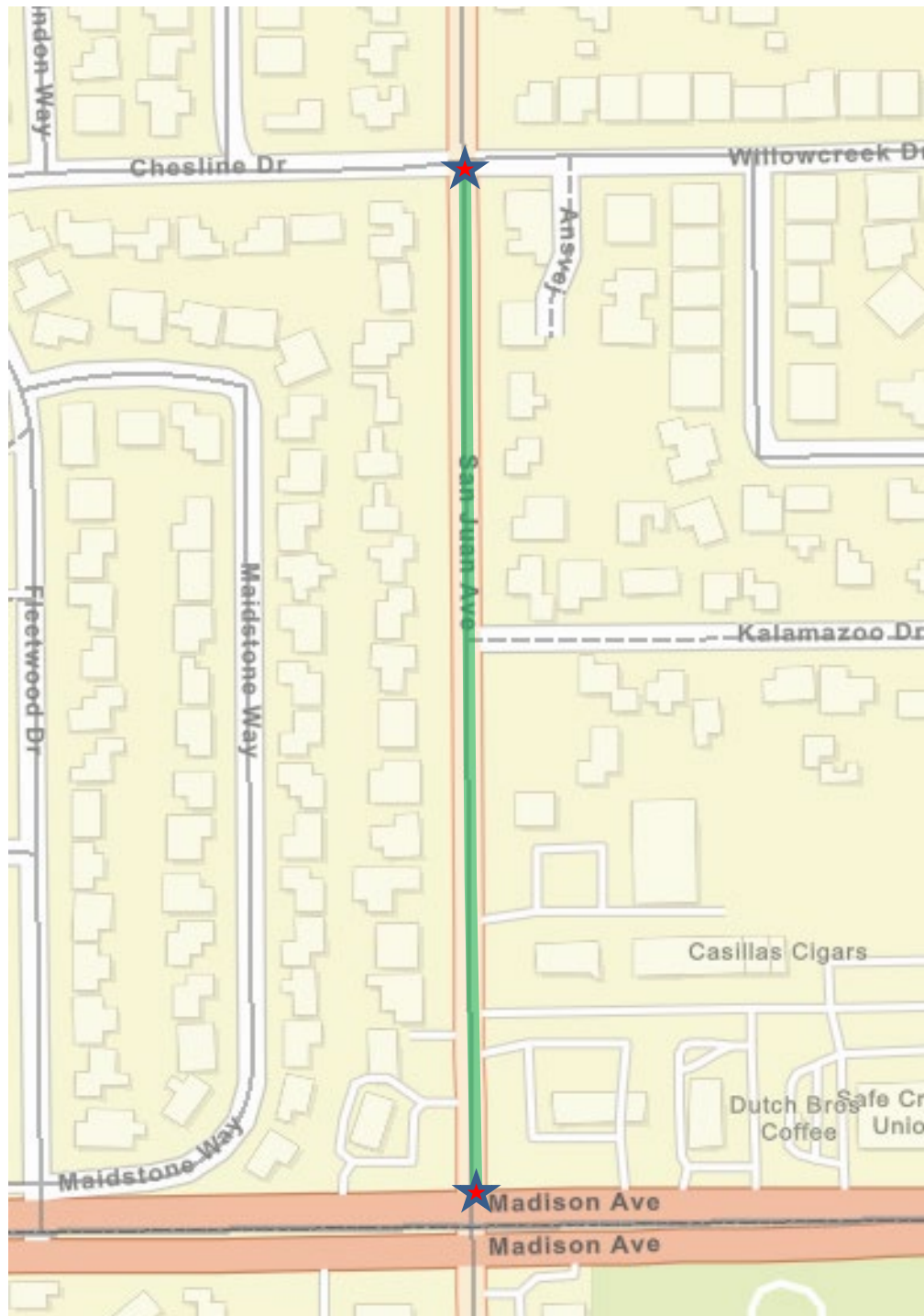
Tim Schaefer, Mayor

ATTEST:

Amy Van, City Clerk

San Juan Avenue Phase 1A Project Location Map

Madison Avenue to Chesline Drive



Dewey Drive Project Location Map South City Limits to Greenback Lane

