



Coastside Fire Protection District

STAFF REPORT

TO: Honorable Board of Directors

FROM: Jean B. Savaree, District Counsel

DATE: May 27, 2026

SUBJECT: RESOLUTION ADOPTING AN UPDATED COASTSIDE FIRE PROTECTION DISTRICT PROCUREMENT MANUAL

Staff Recommendation:

Staff recommends that the Board approve the attached resolution adopting an updated Procurement Manual to govern the District's procurement of goods, services, and contracts for public works/capital improvements projects.

Background:

The District's Procurement Manual is a policy document adopted by the Board, which dictates the processes and approvals necessary for the District to make purchases and contract for services. In accordance with the California Public Contract Code and standard practice, the District's Procurement Manual establishes procurement guidelines for three main types of purchases/expenditures made by the District: 1) Goods, Equipment, and Basic Services; 2) Professional Services; and 3) Public Works Projects.

"Goods, Equipment, and Basic Services" includes all equipment and other tangible items purchased by the District. It also includes most of the services for which the District may contract, including, for example, landscape maintenance services, plumbing services, or cleaning services.

"Professional Services" include services that require specialized or advanced skill. Professional Service providers are often thought of as consultants to the District and perform services like architectural design, accounting, or legal work.

"Public Works Projects" include projects that construct or reconstruct District facilities or make significant repairs to District facilities. They can also include the installation of equipment or tools that will be permanently affixed to – or part of – the District's facilities. Public Works Projects can be very large (such as the Station 44 rebuild) or small (such as the installation of new cabinetry in

one of the fire stations).

The formality of the procurement requirements for each type of purchase or expenditure is dictated by the value of the purchase or expenditure. For each type of purchase, the Procurement Manual establishes the dollar values that trigger the requirements that the District obtain bids or proposals prior to making a purchase or contracting for a service, and also when the Board – rather than the Fire Chief – is required to approve a purchase or expenditure.

The District last updated the Procurement Manual in February of 2020 and, while the District's Procurement Guidelines still conform with the law, the cost thresholds that trigger increased formality in the procurement requirements are generally outdated. As a result, staff is required to engage in time-consuming procurement procedures for relatively small, and sometimes routine, purchases. This is particularly true for Public Works/Construction Contracts, which currently requires Board approval for any contracts over \$10,000. Anecdotally, the District recently learned that a fire alarm system installed at one of the fire stations was inadequate and needed to be replaced. However, due to the cost of the product and labor to install it – approximately \$20,000 – the District was required to obtain bids and seek Fire Board approval for the contract prior to proceeding with the replacement. Staff does not believe that any cost savings were realized by bidding and obtaining Board approval for this project or ones like it, given the cost of staff time and the delays resulting from the bidding and approval process.

As noted above, the Procurement Manual requires the District to put Public Works projects out for bid and obtain the Board's approval when the expected cost of a project is over \$10,000. Given the increasing cost of construction and installation work, the District is seeing an increasing number of projects above that dollar amount. The State sets a limit on the size of projects that can be contracted without a bidding procedure. For context, effective January 1, 2025 (AB 2192), the State increased that amount from \$60,000 to \$75,000. Thus, the requirement in the Procurement Manual that the District bid projects above \$10,000 is far more stringent than is required by State law.

Proposed Updates:

The proposed Procurement Manual update, which is Exhibit A to the attached proposed resolution, contains several updates. First, the thresholds for when Public Works Project contracts must be bid, rather than negotiated, has been increased to be consistent with the currently allowed State law threshold of \$75,000. The threshold amount for when the Board, rather than the Fire Chief, must formally issue a notice inviting bids for a project is also proposed to be increased from \$200,000 to \$220,000, consistent with the amount allowed under State law. Under the proposed update, the Board would still award all

contracts over \$75,000.

Second, the proposed update to the Procurement Manual would also change the requirement that the Fire Board authorize the issuance of requests for proposals (RFPs) for Goods, Equipment, and Basic Services valued over \$50,000, and instead allow the Fire Chief to issue those RFPs. The Fire Board would, however, continue to award contracts after reviewing the responses to RFPs for services or items valued over \$50,000. This change would reduce the time of procuring these items and services by up to a month, as the Board would only be required to review and authorize the expenditures once, rather twice.

Third, the proposed update would alter the requirement that the District issue an RFP for any Professional Services valued above \$25,000 to instead only require RFPs for Professional Services valued over \$50,000. Again, this is in recognition that the cost of Professional Services has risen in past years and the delay and cost of issuing RFPs for such services can be significant. Increasing the amount at which an RFP is required will allow the District to contract for more Professional Services without delay and through negotiated contracts. The proposed update would also change the requirement that the Fire Board authorize the issuance of RFPs for Professional Services; however, the Fire Board would continue to review the responses to RFPs and award contracts for any Professional Services valued above \$50,000.

The following tables show the existing procurement requirements and the changes that would be made to the procurement processes if the proposed update to the Procurement Manual is adopted:

PUBLIC WORKS/CONSTRUCTION CONTRACTS

Dollar Amount	Existing Method	Proposed Change
Under \$10,000	No bid requirements; Fire Chief may negotiate contract on open market	No change
Under \$75,000	Fire Chief approves an informal notice inviting bids to be published and sent to applicable trade journals; Fire Board approves contract	No bid requirements; Fire Chief may negotiate contract on open market

\$75,000 - \$200,000	Fire Chief approves an informal notice inviting bids to be published and sent to applicable trade journals; Fire Board approves contract	No change
\$200,000 - \$220,000	Fire Board approves issuance of notice inviting bids to be published and sent to applicable trade journals; Fire Board approves contract	Fire Chief approves an informal notice inviting bids to be published and sent to applicable trade journals; Fire Board approves contract
\$220,000 and above	Fire Board approves issuance of a Request for Proposals; Fire Board approves contract	No change

GOODS, EQUIPMENT, AND BASIC SERVICES

Dollar Amount	Existing Method	Proposed Change
Under \$500	Petty cash	Not changed
Under \$2000 (for supplies regularly needed)	Charge account with Fire Chief approval	Not changed
\$501 - \$10,000	Open market negotiation (i.e. no bid requirement); Fire Chief approves	Not changed
\$10,001 - \$50,000	Informal bidding requiring at least three quotes from potential vendors; Fire Chief approves	Not changed
\$50,001 and above	Fire Board approves the issuance of a formal request for bids; Fire Board reviews and approves contract/purchase	Fire Chief approves the issuance of a formal request for bids; Fire Board reviews and approves contract/purchase

PROFESSIONAL SERVICES

Dollar Amount	Existing Method	Proposed Change
Under \$25,000	Fire Chief may either engage with a service provider directly or issue a Request for Proposals; Fire Chief approves contract	No Change
\$25,001 - \$50,000	Fire Chief approves the issuance of a Request for Proposals; Fire Chief approves contract	Fire Chief may either engage with a service provider directly or issue a Request for Proposals; Fire Chief approves contract
\$50,000 and above	Fire Board approves issuance of a Request for Proposals; Fire Board approves contract	Fire Chief approves the issuance of a Request for Proposals; Fire Board approves contract

*These purchasing limits assume that funds for the service are available in the annual budget. If funds are not available in the annual budget, the procurement method shall remain the same, but all approvals shall be made by the Fire Board in conjunction with a budget amendment/allocation.

In addition to the edits made to the cost thresholds that dictate the required forms of procurement, the proposed update would also add language to the Procurement Manual's provisions related to Emergency Procurement. Currently, the Procurement Manual only allows the District to make emergency purchases during declared emergencies related to natural disasters but does not provide an alternative to the standard procurement guidelines when unexpected damage to the District's equipment or facilities occur. In recent years the District has experienced damage to its equipment and facilities, which has caused difficulties in continuing the District's operations or affected the livability of the District's facilities for Fire personnel. The proposed update includes a new provision that would allow the Fire Chief to obtain replacements or repairs when, in the Fire Chief's discretion, a delay in obtaining those replacements or repairs would cause a threat to the safety of the District's personnel or the public, and/or would compromise the District's ability to adequately provide service.

The Procurement Manual also addresses the disposal of surplus District property and instances when purchases or services are obtained from a sole source.

Those provisions are not proposed for amendment under the proposed update.

Conclusion

Staff requests that the Board approve the attached resolution approving the updated Procurement Manual to allow the District to more quickly and effectively procure goods and services.

Fiscal Impact

If the Board approves the attached resolution adopting the updated Procurement Manual, there will be no direct fiscal impact. However, adoption of the updated Procurement Manual will alter the methods by which the District contracts for projects, services, and items.

Attachments:

1. Proposed Resolution
Exhibit A - Updated Procurement Manual

ATTACHMENT 1

RESOLUTION

RESOLUTION NO. 2026-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COASTSIDE FIRE PROTECTION DISTRICT ADOPTING AN UPDATED COASTSIDE FIRE PROTECTION DISTRICT PROCUREMENT MANUAL

WHEREAS, the California Public Contract Code requires the Coastside Fire Protection District to maintain policies governing its procurement of goods and services;

WHEREAS, the District last updated its Procurement Manual in 2020;

WHEREAS, the Board of Directors wishes to update its Procurement Manual to allow District staff to purchase supplies and equipment and contract for services more efficiently, while maintaining proper oversight of all purchases and expenditures;

WHEREAS, staff has drafted the proposed update to the Procurement Manual, attached hereto as Exhibit A, which updates its provisions consistent with the Board's desire to make purchasing and contracting more efficient.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Coastside Fire Protection District rescinds the Procurement Manual last adopted in February 2020, and adopts the Procurement Manual dated May 27, 2026 attached hereto as Exhibit A.

PASSED AND ADOPTED as a resolution of the Coastside Fire Protection District at the regular meeting held on the 27th Day of May, 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Gary Burke, Board President

ATTEST:

Jed Wilson, District Secretary

PROCUREMENT MANUAL



COASTSIDE FIRE PROTECTION DISTRICT

Last Updated: May 27, 2026

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I. GENERAL CONDITIONS

A. Derivation of Procurement Policy

The Coastside Fire Protection District is a political subdivision of the State of California, organized pursuant to California Health and Safety Code section 13800 et. seq., and governed by a five-member Board of Directors. The procedures governing procurements of the District derive from state law and the District's previously established rules.

B. Purpose

These procedures are designed to foster maximum open and free competition for the Coastside Fire Protection District's contracts, to obtain purchases of a quality to suit intended purposes at the least expense, to clearly define the responsibilities of the officers related to purchasing, to maintain an internal centralized control over the purchase of materials and services, and to reduce the time required to pay invoices.

C. Definitions and Abbreviations

Whenever the following words are used in this Procurement Manual, the intent and meaning shall be interpreted as follows:

"Attorney" or "District's Attorney" shall mean the District's general counsel.

"Board of Directors" or "Board" shall mean the governing board of the Coastside Fire Protection District.

"Contractor" shall mean any person or entity who furnishes materials, equipment or supplies to, or performs any service for the District.

"District" shall mean the Coastside Fire Protection District.

"Professional Services" shall mean those services that require special training, experience, or expertise – as defined as "special services" in Public Contract Code § 20812(a) – including accounting, administration, ambulance, architecture, custodial, economics, engineering, financing, insurance, labor relations, law, maintenance, mechanics, medicine, planning, science, technology, and other services which are incidental to the operation of the District.

"Public works" shall mean any work or improvement contracted by the District, including but not limited to the construction, alteration, addition to or repair, in whole or in part, of any building, wharf, bridge, ditch, flume, aqueduct, well, tunnel, fence, machinery, railroad, or road; the seeding, sodding, or planting of any lot or tract of land for landscaping purposes; the filling, leveling, or grading of any lot or tract of land; the demolition of buildings and the removal of buildings.

“Purchasing Agent” shall mean the employee of the District tasked with or requesting authority to make a purchase or procure a service.
“Purchase Order” shall mean the form constituting written authorization to a vendor to furnish the District with materials, equipment, supplies or services of the kinds and in the amounts specified.

“Purchase Request Form” shall mean the internal memorandum submitted by a District employee to the Fire Chief or Assistant Chief to request approval of items for purchase.

“Services” shall mean non-professional services to be provided by contract.

II. STANDARDS OF CONDUCT

A. Duty to Disclose

District employees shall not be involved in any purchasing decisions, tasks or procedures (including participation in initiation, award or administration of a contract) in which they or persons related to them have a real or apparent conflict of interest, as more particularly defined in section B below. In cases when there may be such conflict of interest, employees have the responsibility to report in writing such conflict to the Fire Chief or Assistant Chief. Failure to make such disclosure is grounds for discipline.

B. Conflict of Interest

The Board has adopted a Conflict of Interest Code, under which certain designated employees are required to disclose economic interests and are prohibited from participating in decisions which may have an effect on their financial interests. The terms and requirements of the Conflict of Interest Code are incorporated into this Procurement Manual.

For purposes of these Procurement Manual Standards of Conduct, it is further required that no employee, officer or agent of the District shall participate in procedures, tasks or decisions relative to initiation, award or administration of a contract if a conflict of interest, real or apparent, exists. Such a conflict of interest arises when: 1) the employee, officer or agent; 2) any member of his or her immediate family; 3) his or her business associate; or 4) any organization which employs, or which is about to employ, any of the above, has a financial or other interest in a firm that participates in a District bidding process or that is selected for an award. The standards governing the determination as to whether such an interest exists are set forth in sections 1090, 1091 and 1091.5 of the California Government Code.

C. Gratuities and Contingent Fees

No director, officer, employee or agent of the District shall knowingly solicit, accept or agree to accept gratuities or favors in connection with actual or potential procurement and contracting activities.

D. Confidential Information

No District employee shall use confidential information for his or her actual, anticipated or apparent personal gain, or for the actual, anticipated or apparent personal gain of any person related to such employee as such relationship is defined in section B above. "Confidential Information" is defined to include any proprietary, privileged or nonpublic information, coming to the employee's attention as a result of employment by the District, the knowledge of which makes financial gain possible.

E. Discipline for Violation

The violation of any of these standards will subject the employee to disciplinary proceedings or action deemed appropriate by the District, up to and including dismissal.

III. PURCHASE OF SUPPLIES, EQUIPMENT, AND SERVICES

A. Petty Cash: Purchases Not Exceeding \$500.00 [See Appendix - Health & Safety Code §13905]

The Fire Chief or Assistant Chief is authorized to draw a warrant on the District treasury to establish a petty cash fund. The petty cash fund may be used for the following purposes related to and necessary for the conduct of District business: meals, lodging, travel, supplies, fuel, education, training and meetings. The maximum amount of the fund is \$500. The District's Administrative Secretary will account for all expenditures from the fund. The District's Fire Chief or Assistant Chief is authorized to draw additional warrants to reimburse the funds. Each warrant drawn to reimburse the fund shall contain an itemized account of expenditures. Any officer or employee is authorized to spend the fund upon approval of the Fire Chief or Assistant Chief.

B. Charge Accounts: Purchases Not exceeding \$2,000

The Fire Chief or Assistant Chief may authorize the establishment of charge accounts for purchases of equipment, materials, supplies and services that are required on a regular as-needed basis but in uncertain quantities, such as hardware, groceries and maintenance parts and materials. Employees must receive the permission of the Fire Chief or Assistant Chief before charging on these accounts. No single charge may exceed \$2,000. The Fire Chief or Assistant Chief shall review the monthly invoices for these charge accounts.

C. Purchasing Authority

Purchases shall be made in accordance with the District's current approved

budget. Any service or item, including tools, equipment, furnishing, or fixtures, costing in excess of \$2,000.00 and having an estimated life of three or more years shall normally first be identified in the annual budget prior to being purchased. Purchasing oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of funds prior to any purchase. If the purchase or procurement is not funded through the annual budget, or if there are insufficient funds in the annual budget for the purchase or procurement, the Fire Board must approve funding prior to the purchase or procurement.

Except as provided in Section III(A) and (B), above, purchases and service contract procurements that are provided for in the annual budget shall be performed according to the method specified for the cost of the purchase or service contract, as follows¹:

Purchasing Method	Approval	Dollar Limit²
No-bid (open market/negotiated)	Fire Chief or Assistant Fire Chief	< \$10,000
Informal bid	Fire Chief or Assistant Fire Chief	≥ \$10,000 and ≤ \$50,000
Formal bid	Fire Board	> \$50,000

D. Purchasing Methods

1. No-bid (open market/negotiated) procurements require no specific procedure. Unless otherwise authorized herein to purchase items, all no-bid purchases must be initiated by the Purchasing Agent submitting a Purchase Request Form to the Fire Chief or Assistant Chief. The Purchase Request Form shall contain the following information:

- a) a specific description of the desired products or services, using, whenever possible, dimensions, sizes and catalogue numbers;
- b) the quantity of desired products or services;
- c) the date on which products or services are required;
- d) the place of delivery for the product or service;

¹ Except where alternative procurement processes are allowed or required by State or Federal law, for example but not necessarily limited to "piggyback" purchases of supplies or equipment pursuant to Public Contract Code §10298.

² If a service is to be provided for multiple years, the dollar value of the work for purposes of determining the proper procurement method should be the full cost/compensation to be paid for the service over a three-year period.

- e) the contract, agreement, or term sheet to be executed (if any); and
- f) estimated cost.

No employee may place orders directly with vendors without the prior written approval of the Fire Chief or Assistant Chief, as evidenced by a written Purchase Order signed by the Fire Chief or Assistant Chief. Prior to approving the Purchase Order, the Fire Chief or Assistant Chief will determine that funds are available in the annual budget.

2. Informal bidding requires the Purchasing Agent to obtain quotations from at least three vendors, when feasible. The quotations may be in the form of written proposals or in cost quotes provided by phone or in writing. In consultation with the Fire Chief or Assistant Chief, the Purchasing Agent and the vendor shall negotiate the basic terms of the procurement, including, but not limited to, price, time for performance, place of performance and manner of payment. Upon completion of negotiations, the District shall formalize the terms of the purchase by Purchase Order or by negotiated agreement, signed by the Fire Chief or Assistant Chief. The District's Attorney shall review all agreements prior to their execution.

3. Formal bidding requires the Fire Chief or Assistant Chief to authorize the issuance of a bid request or request for proposals and specify how the Purchasing Agent is to advertise or solicit bids. Upon receiving bids/responses, the Purchasing Agent shall make a recommendation to the Fire Board, and the Fire Board shall determine whether to award the contract.

IV. PROFESSIONAL SERVICES AGREEMENTS

Professional services shall normally first be identified in the annual budget prior to the District engaging a service provider. Contracting oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of budgeted funds for any professional service. If the professional service or project served by the professional service is not funded through the annual budget, or if there are insufficient funds in the annual budget for the work required, the Fire Board must approve funding in conjunction with award of the contract.

Professional service contracts should utilize the standard contracting forms maintained by the District and approved by the District's Attorney and the Fire Chief or Assistant Chief, unless the form has been reviewed by the District's Attorney and approved by Fire Board. When a Request for Proposals ("RFP") is issued by the District, it shall include, at minimum, a general description of the scope of work, the date that responses shall be considered, a copy of the contract form to be executed by the vendor/contractor awarded the contract, the time in which the project must be completed, requirements concerning coordination with other entities, other information which may be useful in preparation of a proposal, and evaluation criteria specifically

tailored to the project. Such evaluation criteria shall include but not be limited to the consultant's proven experience and competence, understanding of the scope of work, financial ability and resources to perform the work, willingness to cooperate with District staff and proposed method for assuring timely and acceptable performance and management of the work. The RFP shall identify all significant evaluation criteria, including price or cost when required, and their relative importance. In addition, résumés of the consultant's staff may be required. The draft RFP shall be submitted to the District's Attorney for review prior to its issuance.

If funds are not budgeted for the professional service, the Fire Board must approve funding prior to entering an agreement for the service. Agreements for professional services for which there is funding in the annual budget shall be procured according to the following methods:

Purchasing Method	Approval	Dollar Limit³
The Fire Chief or Assistant Chief may engage a vendor/contractor directly or issue an RPP	Fire Chief or Assistant Chief approves contract	≤ \$50,000
Fire Chief or Assistant Fire Chief approves the issuance of an RFP	Fire Board awards contract	>\$50,000

V. PUBLIC WORKS CONTRACTS

A. Purchasing Authority

Public works projects estimated to cost above \$75,000 shall normally first be identified in the annual budget prior to initiating the project. Contracting oversight is the responsibility of the Fire Chief or Assistant Chief, who shall determine the availability of budgeted funds for any project. If the project is not funded through the annual budget, or if there are insufficient funds in the annual budget to complete the project, the Fire Board must approve funding in conjunction with award of the contract.

All contracts for public works projects should utilize the standard contracting forms maintained by the District and approved by the District's Attorney and the Fire Chief or Assistant Chief, unless the form has been reviewed by the District's Attorney and approved by Fire Board. Pursuant to Public Contract Code §20813, contracts for public projects that are provided for in the annual budget shall be awarded according to method specified for the cost of the project, as follows⁴:

³ If a professional service is to be provided for multiple years, the dollar value of the work for purposes of determining the proper procurement method should be the full cost/compensation to be paid for the professional service over a three-year period.

⁴ Except where alternative procurement processes are authorized or required by State or Federal law.

Purchasing Method	Approval	Dollar Limit
No-bid (open market/negotiated)	Fire Chief or Assistant Fire Chief	< \$75,000
Informal bid	Fire Board	≥ \$75,000 and ≤ \$220,000
Formal bid	Fire Board	> \$220,000

B. Purchasing Methods

1. No-bid (open market/negotiated) procurements require no specific procedure. However, the Purchasing Agent should attempt to obtain the best pricing from available contractors and prepare a contract for review by the District’s Attorney and signature/approval by the Fire Chief or Assistant Chief. Prior to approving the contract, the Fire Chief or Assistant Chief will determine that funds are available in the annual budget.

2. Informal bidding requires the Purchasing Agent to receive authorization from the Fire Chief or Assistant Chief to publish a notice inviting bids, pursuant to the requirements and specifications in Public Contract Code §20813. The Purchasing Agent should also send the notice inviting bids to all known trade journals and contractors known to perform the type of work sought. After bid opening, the Purchasing Agent shall determine the lowest responsive and responsible bidder and recommend that the Fire Board award the contract to that bidder.

3. Formal bidding requires the Fire Board to authorize the issuance of a notice inviting bids to be published pursuant to the requirements and specifications in Public Contract Code §20813. The Purchasing Agent should also send the notice inviting bids to all known trade journals and contractors known to perform the type of work sought. After bid opening, the Purchasing Agent shall determine the lowest responsive and responsible bidder and recommend that the Fire Board award the contract to that bidder.

VI. **EMERGENCY PROCUREMENTS**

In the event of great public calamity, such as extraordinary fire, flood, storm, epidemic, earthquake, or other such disaster, the District is not required to engage in informal or formal bidding or RFP procedures when making emergency purchases of supplies, equipment, materials, or services if the Board has made the proper findings and, by four-fifths vote, authorized emergency contracting procedures pursuant to Section 22050 of the California Public Contract Code. “Emergency purchases” are those immediate procurements required to safeguard life, health or property, or to prevent the immediate interruption or cessation of necessary District services. In such emergency situations, the Fire Chief or Assistant Chief may expend up to \$50,000 for the immediate purchase or contract for supplies, equipment, materials or services.

When the intended procurement amount will exceed applicable statutory bid

limits, as in the case of construction work exceeding \$75,000 or professional services exceeding \$50,000, the emergency must be so declared and approved by resolution passed by a four-fifths vote of all members of the Board pursuant to California Public Contract Code Sections 20812(c)(5), 20813(d) and 22050.

In addition and notwithstanding the above, in instances when equipment or facilities operated by the District become unexpectedly damaged or must be repaired or replaced and, in the discretion of the Fire Chief, delay in procuring the needed replacement equipment or repair(s) would compromise the District's ability to adequately provide service and/or would compromise the safety of the District's personnel or the public, the Fire Chief is authorized to purchase or contract for the necessary replacement equipment or repairs by negotiated contract or price. The Fire Chief shall confer with the District's Attorney prior to making any such expenditure. The Fire Chief shall agendize and provide a report regarding the expenditure(s) and the rationale for making those expenditure(s) to the Fire Board at its next scheduled meeting.

VII. SOLE SOURCE PURCHASES

A. General

Regardless of the estimated cost of procurement, the District is not required to engage in the specified procurement methods when procuring material, equipment, supplies, or services for which there exists only a sole source of supply. Such procurements often arise when the specifications and requirements for the items or services to be procured are so unusual or distinct as to narrow possible sources down to one. This may be the case, for example, with replacement parts for brand name machinery, equipment or vehicles when only one source of supply is available. In this example, however, if more than one distributor is available, the product is not exempt from the specified procurement methods. The sole source must be the only known source of supply with the capability of meeting the bona fide specification requirements. A sole source decision is not permitted merely on the grounds that the source demonstrates technical or administrative superiority, is the most convenient, or shows superior performance potential at lowest cost.

B. Request to Purchase from a Sole Source

The Purchasing Agent submitting the Purchase Request Form shall indicate that it is a "sole source purchase," after determining that there is only one vendor or supplier of the materials, goods, equipment, or services desired. The Fire Chief or Assistant Chief must first determine the availability of funds for the project, item, or service and verify that the particular procurement meets the definition of a sole source. If the estimated expenditure exceeds \$10,000 for goods and services, or \$75,000 for public works projects, the Fire Chief or Assistant Chief shall consult the District's Attorney for a determination as to the applicability of the sole source exception. No purchase order shall be issued to the vendor or contract executed until the District's Attorney has

confirmed that the procurement qualifies as a sole source purchase.

The Fire Chief or Assistant Chief may authorize a purchase or execute a contract with a sole source. However, the Board must approve the purchase of the product or service or public works project if:

1. the cost of the service or item(s) exceeds \$10,000 or adequate funds are not available in the annual budget;
2. the cost of the public works project exceeds \$75,000 or adequate funds are not available in the annual budget; or
3. upon approving the annual budget, the Board directs that this purchase have specific board approval before the purchase is actually made.

C. Cost Analysis

Unless the reasonableness of the price can be established on the basis of a catalog or market price for a similar commercial product sold in substantial quantities to the general public, or on the basis of prices set by law or regulation, the Fire Chief or Assistant Chief or designee shall conduct a cost analysis. A cost analysis is a detailed evaluation of the cost elements that comprise the proposed price to determine whether the bidder is applying sound management and appropriate resources to the procurement. This process includes verification of cost data, evaluation of specific cost elements such as labor hours, quantities, tooling or testing and projection of cost data to determine its effect on prices. The following factors should be considered: necessity for certain costs, reasonableness of amounts estimated for necessary costs, the bases for allocating overhead costs, allowances for contingencies and the appropriateness of allocations of particular overhead costs to the contract.

VIII. DISPOSAL OF SURPLUS EQUIPMENT AND SCRAP ITEMS

A. Summary

The Fire Chief or Assistant Chief shall from time to time poll District's staff in order to determine whether any supplies, equipment, or materials might be considered surplus or scrap. With respect to items with an original acquisition cost not exceeding \$20,000, the Fire Chief or Assistant Chief shall make the determination as to the manner of disposition of such scrap or surplus items. The Board shall determine the manner of disposition of any item having an original acquisition cost greater than \$20,000. In all cases, any disposition or sale of rolling stock shall require notification to the Board.

The method of sale or disposition of any surplus or scrap items shall depend upon the nature of the items. Such methods shall include: (1) transfer or sale to other public agencies, (2) trade-in as part of a new procurement, or (3) sale by auction,

advertisement for sealed bids, or negotiation. Items of nominal value may be donated without consideration after Fire Board approval. The Fire Chief or Assistant Chief shall have responsibility for carrying out the disposition procedures for surplus or scrap items. In all cases, steps shall be taken to indemnify the District against loss or liability that may result from use of the items after disposition, transfer, or sale. All bidding or contract documents prepared in connection with the disposition, transfer or sale of surplus or scrap items shall be submitted to the District's Attorney for review and approval.

B. Original Acquisition Cost Determination

To the extent data is available, the Fire Chief or Assistant Chief shall prepare adequate documentation describing the items and its method of original procurement, original acquisition cost, and current fair market value.

C. Sealed Bid Procedure

The surplus/scrap items may be disposed of by means of a sealed bid procedure, conducted similarly to the formal competitive bid procedure. Upon appropriate determination and approval as described above, the Fire Chief or Assistant Chief shall cause a Notice of Sale to be placed in a newspaper of general circulation in the District's jurisdiction for a period of not less than two weeks. Such Notice shall adequately describe the items to be sold, including, where appropriate, the original acquisition cost and date. The Notice shall state that the sale shall be made to the highest responsive bidder, and that the items will be sold in an "as-is," "where-is" and "with all faults" condition. The Notice may also specify the amount of a minimum bid, if any. The Notice may be sent to known interested dealers and other parties, including other area fire departments.

D. Auction

The disposition of items may be undertaken by means of an auction. The Fire Chief or Assistant Chief shall cause to be published once, in a newspaper of general circulation in the District's jurisdiction, a Notice of intention to sell at public auction to the highest bidder at the time and place therein specified. The Notice shall adequately describe the items to be disposed of, including, if appropriate, the original acquisition cost and date. The sale may be conducted by the District, or, alternatively, may be held in conjunction with San Mateo County or other public auction. Each item shall be sold to the highest bidder.

E. Other Methods of Disposal (Trade-In, Negotiation, Etc.)

If the Board makes a determination to surplus/scrap items, the items may be disposed of by any other reasonable means designed to maximize the property's disposal value to the District. Such alternate means of disposition may include trading

the surplus/scrap property in for new supplies, equipment, and materials. Arrangements for a trade-in in connection with a District procurement shall be conducted in accordance with the procedures mandated by this Procurement Manual. In no case shall a trade-in represent a lower dollar value than could have been realized by means of another verified method of sale or disposition.

The Fire Chief or Assistant Chief may proceed to dispose of the property by negotiating the sale thereof. The Fire Chief or Assistant Chief shall call or ask in writing for informal offers to purchase the property and sell to the highest price offered upon Fire Board approval.

F. Prohibited Sales

Sale of items shall not be permitted to any of the following:

1. Members of the Board;
2. District officers;
3. District staff, their families, or agents, unless the staff member certifies that he or she has not had any involvement or influence in the bidding process or contract award, and agrees to abide by the conflict of interest provisions set forth in Article 4, Chapter 1, Division 4 of Title 1 (commencing with section 1090) of the Government Code of the State of California.