

## **Contract Processing Policy and Procedure**

### **SOP #79**

#### **I. Purpose**

To establish a policy and procedure for the development, review, approval, and storage of City contracts to ensure contracts are consistent Citywide, to maintain contracts consistently Citywide, and to reduce loss exposures and disputes with contractors.

#### **II. Policy**

The City of Seaside will only pay for services performed by a contractor having valid contract evidenced in writing in accordance with these procedures. This policy applies to all contracts except for contracts for “public projects.” Contracts for all public projects shall be administered through procedures established by the Public Works Department, pursuant to state law.

Contracts are required to purchase and/or contract for supplies, professional services, and equipment of estimated fair market value greater than \$2,500.

This policy supplements the City’s purchasing ordinances and it is expected that Department Managers are familiar with those ordinances and follow them in the procurement of goods and services (See Attachment 2 - City of Seaside Purchasing System Ordinance.)

#### **III. Procedure**

**1. Contract Requirements** – to the extent practical, standard templates should be used. If clarification is needed on which contract is appropriate, contact the Deputy City Manager – Administrative Services or City Attorney for guidance. All templates can be found in the shared Cityfiles at J:\04\_FINANCE\Sample Contracts.

**A. Standard Contracts:** The following standard contracts shall be used:

1. A simple Professional Services Agreement can be used for projects of a less complex nature (Attachment 3).
2. When entering into a contract for Consultant Services, staff shall use the approved standard form “Agreement for Consultant Services” (Attachment 4).
3. When professional, technical, and other services are needed, staff shall use the approved standard form “Professional Service Agreement” (Attachment 5).
4. The template “Instructor Services” will be used for Recreation Contract instructors (Attachment 6). Contract instructors must provide a W9 and if working with children must provide TB Certification, DOJ clearance, and the Recreation Supplemental Questionnaire.
5. For maintenance and lease agreements, the vendor’s agreement may be used so long as it is processed in accordance with these procedures.

- B. **Approval:** All contracts/agreements shall be reviewed and approved by the Risk Manager (Deputy City Manager – Administrative Services). The City Attorney will review all contracts over \$25,000 or a contract of any amount that has been drafted using a non-standard contract.
- C. **Required Components:** All contracts will include:
1. Term (start date and termination date) of the contract
  2. The exact legal name(s) of all parties to the agreement.
  3. The subject of the contract.
  4. The name of the City’s contact position (Contract Manager)
  5. The name and mailing address of the consultant.
  6. The authorized “not to exceed” contract amount and fee calculation for early termination.
  7. Scope of work.
  8. Fees and payments.
  9. Work schedule.
  10. Appropriate insurance and indemnification
- D. All contracts will include a **Contract Routing Sheet** (Attachment 1), completed by the Contract Manager and submitted to the City Clerk’s Office for filing after execution.
2. **Contract Approval and Authority:** No City employee has authority to sign contracts except for the City Manager.
- A. Contracts for \$2,500 - \$24,999 are approved by the City Manager.
- B. Contracts for \$25,000 or more must be approved by the City Council (no contract splitting to be under \$25,000.)
- C. Contracts will not be signed by the City Manager unless all required components are attached.
3. **Contract Preparation and Execution (Less than \$25,000)**
- A. Contract Preparation: The initiating department (Contract Manager) is responsible for preparation of the contract utilizing the approved forms.
- B. Contract Routing: The Contract Manager shall complete the Contract Routing Sheet to route the contract to the Risk Manager and City Attorney for approval prior to sending to the City Manager for execution.
- C. Signature: The City Manager is the only authorized signatory.
- D. Contract Conditions: The Contract Manager is responsible for obtaining all conditions of the contract (proof of insurance, performance bond, etc).

#### **4. Contract Preparation and Execution (\$25,000 or more)**

- A. Contract Preparation: The initiating department (Contract Manager) is responsible for preparation of the contract utilizing the approved forms and for completing the required staff report, resolution, etc.
- B. Contract Routing: The Contract Manager shall complete the Contract Routing Sheet to route the contract to the Risk Manager and City Attorney for approval prior to placing the Contract on the City Council agenda.
- C. City Council Approval: The contract is submitted to the City Council for approval by resolution which authorizes the City Manager to sign the contract on behalf of the City.
- D. Contract Conditions: After the City Council approves the contract, the Contract Manager is responsible for obtaining all conditions of the contract (proof of insurance, performance bond, etc).

#### **5. Processing of Approved Contracts**

- A. After a contract has been approved, the Contract Manager is responsible for providing the Contractor with a copy of the fully executed contract.
- B. The Contract Manager will submit all of the following to the City Clerk's Office for filing:
  - 1. The Completed Contract Routing Sheet
  - 2. The original fully executed contract.
  - 3. All required attachments including insurance certificates, bonds, etc.
  - 4. Resolution approving contract (if applicable)

#### **6. Contract Amendments**

- A. To change the terms and conditions of an original contract and/or prior contract amendments, a written contract amendment is required. No additional work is to be performed until the fully executed contract amendment is received by the City.
- B. Contract amendments are not to be initiated for a new undertaking or scope of work unrelated to the original contract. In these cases, a new contract shall be negotiated, approved, and executed.
- C. The City Manager may approve amendments/change orders to previously approved contracts so long as the total amount of the contract plus amendment/change does not exceed \$24,999.
- D. If the only change to a contract is to extend the date of completion, the Contract Manager can make this change by providing written notice to the contractor. A copy of this written notice shall be provided to the City Clerk to be filed with the original contract.

- E. A new Contract Routing Sheet shall be submitted for contract amendments requiring City Council approval and shall be reviewed by the Risk Manager and City Attorney prior to execution.

## **7. Consultants and Form 700**

A consultant who makes, participates in making, or acts in a staff capacity for making governmental decisions is required to file Form 700. The obligation to file Form 700 is always imposed on the individual who is providing services to the agency, not on the business or firm that employs the individual. Contract Managers hiring consultants should work with the City Clerk to determine if a Form 700 is required.

## **8. Custody of Original Contract Documents**

The City Clerk is responsible for the safekeeping of original contract documents including contracts, amendments, renewal letters, and all insurance certificates, bonds, etc. related to the contract. All contract documents shall be maintained in accordance with the City's records retention policy.

The City Clerk will maintain the City's master log of approved contracts which is located on City Files at J:\02\_CITY CLERK\6 - Contracts-Agreements\Tracking.

## **IV. Responsibility**

All employees with responsibility for developing, reviewing, approving, and processing City contracts are required to follow the provisions of this Administrative Policy.

## **V. Attachments**

1. Contract Routing Sheet
2. City of Seaside Municipal Code Chapter 3.04 - Purchasing System
3. Template: Professional Services Agreement (Short Form)
4. Template: Agreement for Consultant Services
5. Template: Professional Services Agreement
6. Template: Instructor Services Contract

**AGREEMENT REVIEW AND TRANSMITTAL FORM**

ENTER LEGAL AGREEMENT INFO		
Title/Project/Description:		
Vendor/Contractor:		
Contract Manager:		Staff Phone Number:
<b>Agreement Type:</b> Select Template used for this Agreement. Agreements drafted by the City should utilize templates located at: <a href="J:\04 FINANCE\Sample Contracts">J:\04 FINANCE\Sample Contracts</a>	<input type="checkbox"/> Agreement for Consultant Services <input type="checkbox"/> Professional Services Agreement <input type="checkbox"/> Master Service Agreement <input type="checkbox"/> Instructor Services Contract a. Attachments: W9; and if working with children TB Certificate, DOJ Clearance, and Recreation Questionnaire. <input type="checkbox"/> Amendment <input type="checkbox"/> OTHER (explain)_____	

ANSWER AGREEMENT QUESTIONS (REQUIRED):			
1.	Does the agreement include a beginning and end date?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2.	Does the agreement include a "not to exceed" amount?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3.	If the dollar amount exceeds \$2,500, do you have 3+ bids?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
5.	If the Dollar Amount Exceeds \$25,000, have you sought Council Approval? If yes, enter Council meeting date: _____	<input type="checkbox"/> Yes	<input type="checkbox"/> No

If **NO** to Any Above, Explain Why: \_\_\_\_\_

REVIEW AND APPROVAL STEPS:		
Routed to: <i>** REQUIRED WHEN TEMPLATE IS NOT USED</i>	Initial to Approve	Date Complete
City Attorney**		
Risk Manager/Finance**		
Contract Manager - Obtain Signature from Vendor -forward to CMO		
City Manager Office – Obtain CM Signature – forwards to CC		
City Clerk - scan, file and email copy to Contract Manager		
Contract Manager - send executed copy to Vendor		

COMMENTS: