

City of Orting Purchasing Policy

Part I: Purpose

By adopting these procedures, the City Council intends to ensure that the city conduct all purchasing and public works contracting activities in full compliance with Washington law and locally adopted procedures. The intent of this chapter is to provide maximum assurances to the public and to all contractors, consultants and vendors, that Orting's purchasing and contracting practices provide maximum fairness and value in the expenditure of public funds. See appendix A for federal purchasing rules.

These procedures are adopted to:

- Implement the requirements of state laws, local ordinances and administrative procedures thereby assuring the legality of the purchasing process;
- Ensure buying competitively and wisely to obtain maximum value for the public dollars spent.
- Commit that procurement will be impartial and provide the City with the best quality for the best value; and
- Ensure that purchases will be within budget limits and meet goals and objectives approved in the City's Operating and Capital budget.
- Non-budgeted items or items that exceed budget capacity must be pre-approved by City Council.

Part II Code of Ethics

Code of Ethics (RCW 42.23) "Public employment is a public trust." The public must have confidence in the integrity of its government. The purpose of this Code of Ethics is to give guidance to all employees and elected officials so that they may conduct themselves in a manner which will be compatible with the best interest of themselves and the City of Orting. It is essential that those doing business with the City observe the following guiding ethical standards:

1. Actions of City employees shall be impartial and fair.
2. The City will not accept donations of materials or services in return for a commitment to continue to initiate a purchasing relationship.
3. City employees may not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in personal gain. Purchasing decisions must be made impartially. The following are examples of items not considered gratuities: Discounts or concessions realistically available to the general population; Items received that do not result in personal gain; Samples to the City used for general City use.

Part III Conflict of Interest

No City staff or council member may undertake consulting, professional practice or other assignments which would result in a conflict of interest. Any employee of the City who recommends or approves a purchase and who has any financial interest in the firm involved in the purchase shall disclose his or her interest in the firm prior to recommending or approving the purchase.

Part IV Definitions

Unless the context requires otherwise, the terms as used in this Policy shall have the following meaning:

“Adequate appropriation balance” means sufficient fund balance existing in the appropriation item against which the purchase order is to be charged.

“Bid” means an offer, submitted by a bidder to furnish supplies, materials, equipment and other property in conformity with the specifications, delivery terms and conditions, and other requirements included in the invitation for bids or otherwise required by the city.

“Bidding” means a procedure used to solicit quotations on price and delivery from various prospective suppliers of supplies, materials, equipment, and other city property.

“Capital equipment” means any equipment of the city having an initial value of \$1,000 or more and an estimated useful life of three or more years.

“City administrator” means the City of Orting City Administrator or his/her duly appointed designee. The City Administrator is authorized to delegate any functions and responsibilities set forth in this chapter to administrative staff.

“Contractual services” means professional and nonprofessional service contracts including but not limited to engineering, animal control, janitorial and other contracts entered into for the accomplishments of a particular project or limited period of time.

“Cooperative agreements” are purchasing agreements between two or more organizations that aggregate demand and lower costs from select suppliers for the purpose of obtaining supplies or services faster, easier, or at a lower cost.

“Department Heads” means the Mayor, City Administrator, City Treasurer, City Clerk, Police Chief, Court Administrator, Building Official, Public Works Director, and the Parks and Recreation Director.

“Emergency” means, for the purpose of enabling the city to suspend compliance with public bidding and purchasing policies and requirements, an event or set of circumstances which demands immediate action to preserve public health, protect life, protect public property, or to provide relief to the community overtaken by such occurrences.

“Interlocal agreements” are the exercise of governmental powers in a joint cooperative agreement. An interlocal agreement does not mean a “Mutual Aid Agreement” as defined by the provisions of Chapter 10.93 RCW – The Washington Mutual Aid Peace Officers Powers Act.

“Life cycle cost” means the total cost of an item to the city over its estimated useful life, including cost of selection, acquisition, operation, maintenance, and where applicable, disposal, as far as these costs can reasonably be determined, minus the salvage value at the end of its estimated useful life.

“Local bidder” means a firm or individual who regularly maintains a place of business and transacts business in, or maintains an inventory of merchandise for sale in, and is licensed by the city of Orting.

“Mutual law enforcement assistance agreement” includes, but is not limited to, one or more law enforcement agencies aiding or assisting one or more other such agencies through loans or exchanges of personnel or of material resources, for law enforcement purposes.

“Phone bids” means a non-written quotation for a product, or service as outlined in Part VII.

“Public property” means any item of real or personal property owned by the city.

“Public work” shall have the meaning set forth in RCW 39.04.010, as now adopted and hereafter amended.

“Purchase order” means an official document used in authorizing the encumbrance of city funds toward the purchase of supplies, materials, equipment and other property.

“Purchasing agent” means the City Administrator or city employee designated by the City Administrator to serve as a purchasing agent. For routine departmental purchases of supplies, in accordance with the City Administrator’s administrative policy, each department director may designate one or more departmental purchasing agent(s).

“Request for Proposal” (RFP) is a method of soliciting competitive bid proposals for a defined scope of work. The proposals would normally include factors to measure qualifications, delivery, and service reputation as well as price. Stated another way, an RFP is a formal invitation from the city to a company to submit an offer. The offer is to provide a solution (or proposal) to a problem or need the city has identified. An RFP is a solicitation process whereby the judgment of the supplier’s experience, qualifications, and solution may take precedence over their cost proposal to the City. The elements of an RFP are:

1. Project Background and Scope of Service
2. Definitions
3. Minimum Qualifications
4. Technical Requirements (if any)
5. Schedule
6. Cost Proposal
7. Submittal Requirements
8. Evaluation Process and Criteria
9. Insurance Requirements
10. Funding Sources (if applicable)

“Request for Qualifications” (RFQ) is a method of soliciting competitive proposals that considers and evaluates companies on the basis of demonstrated competency and qualifications rather than price. This process is typically used for architecture and engineering services where price is not a consideration. An RFQ will generally result in negotiations. The elements of an RFQ are:

1. Project Background and Scope of Services
2. Project Budget and Source of Funding
3. Schedule
4. Minimum Qualifications
5. Submittal Requirements
6. Selection Process/Evaluation Criteria

“Requisition” means a standard form providing detailed information as to quantity, description, estimated price, possible vendors, fund account, signature and other information necessary to make purchasing decisions.

“Responsible bidder” means a bidder who has proven by experience or information furnished to the satisfaction of the City Administrator that current financial resources, production or service facilities, service reputation and experience are adequate to make satisfactory delivery of supplies of acceptable quality, equipment, or contractual services on which he/she bids. A “responsible bidder” has not violated or attempted to violate any provisions of this chapter.

“Responsive bidder” means a bidder who has complied with all requirements contained in the invitation to bid, including the bid packet and specifications, and who has submitted all required documentation, information and bid bond by the deadline for acceptance of bids.

Guidelines for Purchases, Public Works and Services

The processes listed in the following guidelines are the normal competitive bidding purchasing requirements. Possible exemptions from normal competitive requirements may include the following: interlocal agreements, emergency, sole source, special facilities or market conditions, purchase of insurance or bonds, auction and electronic data processing or telecommunications purchase.

An interlocal agreement may be used for purchasing in lieu of formal bids or for purchases that do not require a formal process. Initial interlocal agreements of any amount with another governmental agency require Council authorization. The City Administrator may execute renewal or extension of existing interlocal agreements fees up to \$50,000 (fifty thousand), if the agreement’s address renewal and the agreement is consistent with the adopted budget. All other renewals require Council approval. Many of the interlocal agreements are continuing agreements (no end date) and will remain in effect until the City believes that it is no longer needed.

Part V: Purchases of supplies, equipment, and materials (unconnected with a Public Works Project)

Items under this category include furniture, computer hardware, office equipment, and operating and maintenance supplies.

Purchases by the city of supplies, equipment, and materials shall be made as provided herein; provided nothing herein shall be construed to prohibit City participation in cooperative purchasing agreements with other municipalities. Department heads are encouraged to obtain on-call and long- term service contracts for up to three years for services that are regularly used.

Section 1. Purchases of \$7,500 or less

Supplies, materials, and equipment with a reasonably expected cost of \$7,500 or less may be purchased without formal or informal bidding; provided that City staff will strive to obtain the lowest practical price for such goods or services.

Section 2. Purchases between \$7,500 and \$15,000

Supplies, materials, and equipment with a reasonably expected cost of between \$7,500 and \$15,000 may be purchased without formal bidding but staff are required to get at least three soft “phone bids” before moving forward with the purchase using a vendor list.

Vendor List process

1. The City partners with the Municipal Research Service Center (MRSC) that forms vendor lists for the award of contracts for the purchases of materials, equipment and supplies.
2. The department director or their designee shall secure written quotations from at least three different vendors whenever possible. The purchase contracts shall be awarded to the lowest responsible bidder.
3. Immediately after the award of the purchase contract is made, the bid quotations obtained shall be recorded and open to public inspection and shall be available by telephone inquiry. When awarded, the department director or their designee shall notify the city clerk.
4. The city clerk shall post at city hall a list of the contracts awarded using the MRSC at least once a year. The list shall contain the names of vendors awarded contracts, the amount of the contracts, a brief description of the items purchased under the contracts, the dates that the contracts were awarded, and the location where the bid quotations for the contracts are available for public inspection.

Section 3. Purchases over \$15,000

Supplies, material, equipment, or services with a reasonably expected to cost more than \$15,000.00 shall be purchased through a formal call for bids as follows:

1. Staff will prepare bid specifications for the goods or services to be purchased, which shall include an invitation to bid notice, instructions to bidders, general conditions, special bid conditions (if any), terms and conditions, and a bid proposal form indicating the type of response desired from a bidder.
2. A call for sealed bids ("Call for Bid") or request for proposals will be published in a newspaper of general circulation throughout the city not less than one week prior to the date fixed for opening.
3. The Call for Bid or request for proposals will be posted in the same manner as ordinances. The notice shall include a description of the goods or services desired.
4. Bid proposals will be opened on the date and time, and at the place as specified in the specifications or public notices.
5. Staff will prepare tabulation sheets based on the criteria laid out in the Call for Bid and either recommend an award to the lowest responsible bidder, who meets the terms of the specifications, conditions and qualifications or recommend the rejection of any or all bids.
6. The City Council shall review the bid proposals, related materials and the recommendation of the staff, and shall award the contract to the lowest responsible bidder. The city administrator may upon review of the materials and recommendations of staff reject any or all bids and make a further call for bids.
7. If bids are not received on the first call, the city may choose either to make a second call for bids or to negotiate directly with any prospective service or supply provider, per RCW 35.23.352(1).

Part VI Public Works (as defined in RCW 39.04.010)

In determining the cost of a public works project, all amounts paid for materials, supplies, equipment, and labor, as well as retail sales and use tax (where required by law) on the construction of that project must be included.

Section 1. Public Works – Minimal Competition \$75,000 or less

1. The city may construct public works by contract, without calling for bids, whenever the estimated cost of the work or improvement, including cost of materials, supplies and equipment will not exceed the sum of: (1) \$75,000. The term "public works project" means a complete project. Division of the project into units of work or classes of work to avoid the restriction on work that may be performed by day labor on a single project is not permitted.
2. A contract shall be awarded under this section according to the following procedure:
 - A. Competitive bidding is not required and staff may seek quotes directly from individual vendors. Staff are encouraged but not required to seek multiple quotes.

Section 2. Public Works – Small works roster, \$350,000 or less

1. The city contracts with MRSC for maintenance of a small works roster, consisting of all responsible, licensed contractors requesting to be included for award of public works contracts not to exceed \$350,000.
2. The city may award a contract for \$350,000 or less off of the small works roster using the following procedure:
 - A. The Public Works Director or designee shall obtain written quotations, from the small works roster. Whenever possible, the city shall invite at least five contractors to submit quotations, including, whenever possible, at least one otherwise qualified woman or minority contractor. The city may invite all appropriate contractors on the roster to submit quotations. Once a contractor has been afforded an opportunity to submit a quotation, that contractor shall not be offered another opportunity until all other appropriate contractors on the roster have been afforded an opportunity to submit a quotation on a contract.
 - B. The city's invitation for quotations shall include an estimate of the scope and nature of the work to be performed, and the materials and equipment to be furnished.
 - C. The city shall award the contract to the lowest responsible bidder.
 - D. Immediately after awarding a contract, the Public Works Director shall record the bid quotations obtained for the contract. The bid quotations shall be open to public inspection.

Section 3. Public Works – Formal bidding, \$350,000 or more

Public works with a reasonably expected cost of \$350,000 or more shall be let by formal bid as provided herein:

1. Formal bidding procedure:
 - A. Staff will prepare bid specifications for completion of the public works project upon prior authorization by the City Council.

- B. A call for sealed bids ("Call for Bids") will be published in the official newspaper, or a newspaper of general circulation most likely to bring responsive bids, once a week for two consecutive weeks prior to the date fixed for the opening of bids.
- C. The Call for Bids will be posted in the same manner as ordinances.
- D. The Call for Bids shall contain the following:
 - 1. Description of the nature of work;
 - 2. State where the plans and specifications are on file;
 - 3. State that the bids must be sealed and filed with the city before a specific date;
 - 4. State what criteria will be used to score the bids
- 2. State that bids must be accompanied by bid proposal deposit which will be at least five percent of the bid in the form of a cashier's check or postal money order or surety bond made out to the city and specify that no bids will be considered without this deposit. Bids will be opened on the date and time and at the place as specified in the bid specifications, requests for proposals, advertisements and public notices.
- 3. Staff will prepare bid tabulation sheets based on the criteria laid out in the Call for Bids, and either recommend an award to the lowest responsible bidder who meets the terms of the specifications, conditions and qualifications, or recommend the rejection of all bids received.
- 4. The City Council shall review the bids, specifications and related materials and the recommendations of staff and shall award the contract to the lowest responsible bidder.
- 5. The city administrator council may, upon review of the materials and recommendations of staff, reject all bids if it is determined that a bidder is non-responsive or not-responsible, and may make a further call for bids.
- 6. If bids are not received on the first call, the city may choose either to make a second call for bids or to negotiate directly with any prospective public works contractor.

Part VII Service Contracts

Contracts for services that are not for: (1) public works or (2) a qualifying professional service set out in RCW 39.80.020, do not require a competitive bidding process, per state law. However, the city would like to utilize a competitive process to ensure that taxpayer dollars are being put to their highest and best use. To that end, this city will follow the following processes:

- 1. For service contracts estimated to be less than \$50,000 no competitive process is required but staff should be able to show that the price is reasonable and the provider is qualified.
- 2. For service contracts estimated to be more than \$50,000 but less than \$75,000 staff should obtain three written quotes from qualified providers, or alternatively they may use a more formal RFP/RFQ process as described herein.

For service contracts estimated to be more than \$75,000 staff should use a formally advertised RFP/RFQ process as described herein.

Part VIII Architect and Engineer Services (A&E)

The City must follow chapter 39.80 RCW for procuring A&E professional services, as defined at RCW 39.80.020. Architectural and Engineering consultants are initially selected based upon their qualifications through a Request for Qualifications (RFQ) process, rather than price (see RCW 39.80.050). After selecting a consultant of this type via the RFQ process, the city will negotiate a contract with the most qualified firm at a price which the City determines fair and reasonable. In so negotiating, the city shall take into account the estimated value of the services to be rendered as well as the scope, complexity, and professional nature. If the city is unable to negotiate a satisfactory contract with the firm selected at a price the city determines to be fair and reasonable, negotiations shall be terminated and the city shall begin negotiations with the next highly qualified firm.

Part IX Waivers and Exemptions

Section 1 Emergency Purchases

It is the intent as adopted by the City Council of Orting that the Mayor, or his designee, be authorized to waive the requirements of competitive bidding in the event of an emergency as defined by RCW 39.04.280. An emergency purchase means unforeseen circumstances beyond the control of the city that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. The Mayor or his designee shall comply with all portions of RCW 39.04.280 in the event of an emergency. The City Council through resolution may also waive competitive bidding requirements in circumstances defined within RCW 39.04.280. In any waiver of competitive bidding requirements, public disclosure and review shall be produced per the requirements as defined in RCW 39.04.280.

Section 2 Sole Source Supply

These requirements for purchasing or public works also may be waived by the Mayor, or his designee declaring that the purchase or public work is either clearly and legitimately limited to a single source or supply, or the materials, supplies, equipment, or services are subject to special market conditions, and recites why this situation exists. The City Council through resolution may also waive competitive bidding requirements in circumstances defined within RCW 39.04.280. In any waiver of competitive bidding requirements, public disclosure and review shall be produced per the requirements as defined in RCW 39.04.280.

Part X Purchasing Authority

Purchasing authority as described below is based on a complete contract price. Contracts that last multiple years shall have each years' cost aggregated to determine the entire contract value. Purchasing authority is also project-limited. If the project requires purchases from multiple vendors, costs from each vendor shall be aggregated to determine how a purchase is approved.

Section 1. Authorities for Budgeted Items:

Purchase of supplies, equipment, materials or goods not connected with a public works project

1. Purchases less than \$15,000 may be approved by department directors
2. Purchases less than \$50,000 may be approved by the City Administrator
3. Purchases above \$50,000 require Council approval.

Public Works projects

1. Purchases less than \$15,000 may be approved by the Public Works Director
2. Purchases less than \$50,000 may be approved by the City Administrator
3. Purchases above \$50,000 require Council approval.

Section 2. Authorities for non-Budgeted Items:

1. Purchases less than \$15,000 may be approved by the City Administrator
2. Purchases more than \$15,000 require Council approval

Part XI Credit Cards

The City shall provide the Mayor and department heads (or their designees, as approved by the Finance Committee) with a city credit card for traveling or purchasing budgeted items. It is the policy of the City that purchases on credit cards be minimized as much as possible. It is the responsibility of each card holder to save their receipts and provide them to the accounts payable clerk. The Finance Director may require a reconciliation from the card holder if they have more than ten transactions per month.

Section 1. Credit Limits

The following limits shall apply:

1. The Mayor, the City Administrator, and the Finance Director shall have full access to the city's credit limit.
2. The Police Chief shall have a limit of \$15,000.
3. The Public Works Director shall have a limit of \$15,000.
4. All other directors shall have a limit of \$5,000.
5. The Public Works Administrative Assistant shall have a limit of \$7,000.
6. All others who have credit cards shall have limits of \$1,000.
7. In the case of a declared emergency, the Incident commander and all city directors shall have full access to the credit limit of the city.

If needed, the Finance Director or designee may increase the credit card limit for a limited time period or for a specific purchase.

Part XII Federal Funds

Federal funds and grants often come with their own separate and more restrictive bidding requirements. Competitive bidding may be required by federal agencies, even below the state limits, and the required competitive process may be more demanding.

If the project uses any federal funding, the most restrictive of the state and federal requirements must be used. The city will work closely with granting agencies and follow all the requirements for the particular grant.

Equipment and Supplies

Type of Purchase	Normal Process	Other Requirements	Contract Authorization
Items costing less than \$7,500	No state law required		<ul style="list-style-type: none"> Department director may execute
Items between \$7,500 and \$15,000	May use any of the following: <ul style="list-style-type: none"> 3 quotes from MRSC vendor list Formal bid Interlocal Agreement or other possible exemptions 	Publication of RFP if bidding	<u>Budgeted Purchases</u> <ul style="list-style-type: none"> Department director may execute <u>Non-budgeted purchases</u> <ul style="list-style-type: none"> City Administrator may execute
Purchases over \$15,000	May use any of the following: <ul style="list-style-type: none"> Formal Bid Interlocal agreement or other possible exemptions 	Publication of RFP if bidding	<u>Budgeted Purchases</u> <ul style="list-style-type: none"> Purchases up to \$50K City Administrator may execute Purchases above \$50K are required to be approved by the Council <u>Non-budgeted</u> <ul style="list-style-type: none"> Requires Council approval

Professional and personal services

Type of Service	Normal Process	Other Requirements	Contract Authorization
Architectural, Land Surveying and Engineering Services	Request for Qualifications	<ul style="list-style-type: none"> Publish RFQ Must evaluate on performance and qualifications Negotiate contract after selection 	<u>Budgeted Purchases</u> <ul style="list-style-type: none"> If under \$50K, City Administrator may execute Above \$50K requires Council approval <u>Non-budgeted purchases</u> <ul style="list-style-type: none"> Purchases are required to be approved by the Council
All other personal services	<ul style="list-style-type: none"> No state law required process Contracts more than \$50K but less than \$75K should obtain three written quotes or a formal bid Contracts more than \$75K should use a formal bid Interlocal agreement or other possible exemption 		<u>Budgeted</u> <ul style="list-style-type: none"> If under \$15K, department director may execute If under \$50K, City Administrator may execute <u>Non-budgeted</u> <ul style="list-style-type: none"> Under \$15K, City Administrator may execute Above \$15K requires Council approval

Public Works

Purchase or Project	Normal Process	Other Requirements	Contract Authorization
Projects less than \$2.5K	One quote needed, two recommended	<ul style="list-style-type: none"> • Prevailing wage • No bond • No retainage 	<ul style="list-style-type: none"> • Department director may execute
Projects costing under \$50K (Alternative to Small Works Roster)	<ul style="list-style-type: none"> • Solicited quotes • Interlocal agreement or other possible exemptions 	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/Performance bond required between \$10K to \$40K 	<u>Budgeted Projects</u> Department director may execute <u>Non-budgeted Projects</u> <ul style="list-style-type: none"> • Under \$15K City Administrator may execute • Above \$15K requires Council approval
Projects costing under \$75K	<ul style="list-style-type: none"> • May use Small Works Roster from MRSC • Interlocal agreement or other possible exemptions 	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/Performance bond • Bid bond/deposit (unless using Small Works Roster) 	<u>Budgeted Purchases</u> <ul style="list-style-type: none"> • Up to \$15K Department director may execute • Under \$50K City Administrator may execute <u>Non-budgeted purchases</u> <ul style="list-style-type: none"> • Under \$15K City Administrator may execute • Above \$15K requires Council approval
Projects costs exceeding \$75K for single trade or \$116,155 for multiple trades and less than \$350K	<ul style="list-style-type: none"> • Formal Bid or • Small Works Roster process to solicit quotes • Interlocal agreement or other possible exemptions 	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/Performance bond required 	<u>Budgeted Projects</u> <ul style="list-style-type: none"> • Requires Council approval <u>Non-budgeted Projects</u> <ul style="list-style-type: none"> • Requires Council approval
Projects costing 350K or more	<ul style="list-style-type: none"> • Formal Bid • Interlocal agreement or other possible exemptions 	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/Performance bond • Bid bond/deposit 	<ul style="list-style-type: none"> • Requires Council approval

Possible exemptions from normal competitive bidding requirements include the following:

- emergency purchase, sole source purchase, special facilities or market conditions, purchase of insurance or bonds, auction, electronic data processing or telecommunications purchase