

TITLE 17

SUPPORT SERVICES - PURCHASING

Purchasing 17-04

Other Services Provided by the Purchasing Division 17-08

17-04 PURCHASING

SECTION:

- 17-04-010: Purpose
- 17-04-020: Policy Statement
- 17-04-030: Definitions
- 17-04-040: Unauthorized Purchases
- 17-04-050: Responsibilities of the Purchasing Division
- 17-04-060: Responsibilities of Departments
- 17-04-070: Vendor Relations
- 17-04-080: Purchasing Methods
- 17-04-090: Contracts Policy
- 17-04-100: Additional Requirements
- 17-04-110: Exceptions
- 17-04-120: Formal Bid Process
- 17-04-130: Award of Bids
- 17-04-140: Surplus Property

17-04-010: Purpose: The purpose of this policy is to provide the City of Kennewick a means of assuring continuity and uniformity in its purchasing operation, and to define the responsibilities for purchasing supplies, services, and equipment for the City of Kennewick. These guidelines are not intended to address every issue, exception, or contingency that may arise in the course of purchasing activities. The basic standard that should always prevail is to exercise good judgment in the use and stewardship of City resources, including keeping within the budget authorized by the City Council.

17-04-020: Policy Statement:

(1) The policy contained herein was developed under the authority of RCW 35A.13.080(1). The City of Kennewick has established a centralized purchasing program. The Purchasing Division of the Support Services Department is charged with the responsibility and authority for coordinating and managing the procurement of the City's supplies, services, and equipment according to this policy.

(2) The policy outlined herein is to be adhered to by the Purchasing Division and all departments when procuring supplies, services, and equipment. This policy strives to define decision-making with prudent review and internal control procedures and to maintain departmental responsibility and flexibility in evaluating, selecting, and purchasing supplies equipment and services.

(3) Exclusions from this policy are included in Section 17-04-110 (Exceptions).

17-04-030: Definitions:

(1) "Agreement" means an understanding or arrangement between two or more parties. Also see "Contract" and "Purchase Order."

(2) "Appropriation" means City Council authorization to expend public funds for a specific purpose.

(3) "As Is" is a term indicating that goods offered for sale in existing condition are without warranty or guarantee.

(4) "Award" means the acceptance of a bid or proposal.

(5) "Bid" means the executed document submitted by a bidder in response to a notice inviting bids (NIB), a proposal, or a request for quotations.

(6) "Bidder" means a person or legal entity who submits a bid in response to a solicitation. Proposer. See bid or proposal.

(7) "Brand Name" means a trade name which serves to identify a product or particular manufacturer.

(8) "Change Order" means written modification or addition to a purchase order or contract/agreement authorized by the appropriate authority.

(9) "City" shall mean the City of Kennewick or any other entity governed by the members of the City of Kennewick City Council.

- (10) "Competitive Bidding" means the submission of prices by individuals or firms competing for a contract, privilege, or right to supply merchandise or services.
- (11) "Contract" means a verbal or written, legally binding mutual promise between two parties, e.g., an accepted purchase order.
- (12) "Controlled Commodity" means items which may fall under the dollar quote limit that requires approval from designated people, but whose purchases are controlled by Purchasing (i.e. office supplies, computer equipment, and communications equipment).
- (13) "Designee" means a duly authorized and appointed representative of an employee that holds a superior position to the person appointed to represent him or her.
- (14) "Discount" means an allowance or deduction from a normal or list price extended by a seller to a buyer to make the unit price more competitive.
- (15) "Dispose Of" means to transfer or part with, to sell; to get rid of; to throw out.
- (16) "Dollar Limits" means purchasing dollar limits apply:
- (a) to individual purchases;
 - (b) when the combined total of identical items purchased at the same time or within a calendar year's time exceeds the dollar limits;
 - (c) the total cost of items that are designed or intended to be used together exceeds dollar limits; or
 - (d) for multi-year contracts, the dollar limits apply to the total cost over life of the contract (except maintenance contracts where the dollar limits apply on an annual basis). Limits apply to the total cost of an item including freight, taxes, or any other costs required to place the item in service.
- (17) "Emergency Purchase" means purchases made in response to unforeseen circumstances beyond the control of the department which present a real, immediate, and extreme threat to the proper performance of essential functions or which may reasonably be expected to result in excessive loss or damage to property, bodily injury, or loss of life.
- (18) "Encumbrance" means committing budgeted funds prior to receiving supplies, equipment, or services; funds are shown as an encumbrance until supplies, equipment, or services are received, at which time funds are actually expended.
- (19) "Equipment" means personal property necessary to conduct the City's business, including, but not limited to furnishings, machinery, vehicles, rolling stock, and other property used to conduct the City's business.
- (20) "Formal Bid" means a bid which must be submitted in a sealed envelope and in conformance with a prescribed format, to be opened and announced at a specified time at a public opening.
- (21) "General Services" means services such as janitorial, uniform cleaning, maintenance, and other services for which the performance of such activities do not require any unique skill, special background or training.
- (22) "Guarantee" means a pledge or assurance that something is as represented and will be replaced or repaired if it fails to meet the stated specifications.
- (23) "Informal Bid" means written or verbal quotations for supplies, equipment, and services which pursuant to this policy are not required to meet the formal bidding requirements. Informal bids include unsealed written quotes, verbal quotes and quotes received via fax.
- (24) "Lowest (Responsive and) Responsible Bidder" lowest means the bidder submitting the lowest price and capable of performing the proposed contract. See also "responsive bidder" and "responsible bidder."
- (25) "Non-Responsive Bid" means a bid that does not conform to the essential requirements of the notice inviting bids. Non-conforming bid. Unresponsive bid.
- (26) "Notice Inviting Bids" (NIB) means a formal notice, published in the newspaper or elsewhere or sent directly to potential bidders, notifying them that the City is accepting bids for a specific purpose.
- (27) "Professional Services" means services which provide professional or technical expertise to accomplish a specific study, project, task, or other work statement. Examples include work performed by an auditor, attorney, doctor, appraiser, expert, or consultant.

(28) “Proposal” means the document submitted by a bidder in response to a request for proposals (and the basis for subsequent negotiation).

(29) “Public Works Contracts (RCW 39.04)” means the term public work shall include all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of City, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract shall comply with the provisions of RCW 39.12.020.

(30) “Publicly Owned, Leased, or Operated Facility” means any plant, building, structure, ground facility, utility system, real property, streets and highways, or other capital improvement which project is to be undertaken by the City.

(31) “Purchase” means renting, leasing, purchasing, licensing or a trade of equipment or supplies.

(32) “Purchase Order” means a purchaser’s document to formalize a purchase transaction with a vendor. Acceptance of a purchase order constitutes a contract; a purchaser’s written offer to a supplier stating all terms and conditions of a proposed transaction.

(33) “Qualified Bidder” is a bidder that demonstrates the following characteristics:

(a) can provide product quality, fitness, and capacity for the required usage;

(b) has the ability, capacity, and skill to perform the contract or provide the service required;

(c) has demonstrated character, integrity, reputation, judgment, experience, and efficiency, particularly with reference to past purchases by the City or other public agencies;

(d) has the ability to perform within the time required;

(e) has shown quality of performance and/or of products provided in previous contracts or services with the City or other public agencies;

(f) Note: Previous documented incidents of unsatisfactory performance and/or unsatisfactory delivery, materials, or services may also result in a determination of unqualified.

(34) “Quotation” means a bid. A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a prospective purchaser, usually for purchases below the amount requiring formal bidding. For professional service contracts, quotes would typically include the qualifications of the provider and may or may not include pricing information depending upon the situation.

(35) “Request for Proposal (RFP)” means all documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals. The RFP procedure permits negotiation of proposals and prices as distinguished from competitive bidding and a notice inviting bids. The procedure allows changes to be made after proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

(36) “Request for Quotation/Qualification (RFQ)” is the document generally used for seeking competition on small purchases or on any purchase that does not require competitive sealed bidding. Can be used for obtaining a summary of qualifications from prospective providers of professional service contracts. Also, see “quotation.”

(37) “Responsible Bidder” means a person who has the capability in all respects to perform in full the contract requirements, and the integrity and reliability which will assure good faith performance.

(38) “Responsive Bidder” is:

(a) A person who has submitted a bid which conforms in all material respects to the notice inviting bids (NIB); or

(b) one whose bid conforms in all material respects to the terms and conditions, specifications and other requirements of the NIB.

(39) “Sealed Bid” means a bid which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission of all bids; required on formal bids.

(40) “Sole Source” means an award for a commodity or service to the only reasonably known capable supplier due to the unique nature of the requirement, the supplier, or market conditions.

TITLE 17 - SUPPORT SERVICES KENNEWICK ADMINISTRATIVE
PURCHASING CODE

(41) “Specifications” means a description of what the purchaser seeks to buy or accomplish, and consequently, what a bidder must be responsive to in order to be considered for award of a contract. A specification may be a description of the physical or functional characteristics, or the nature of a supply or service. It may include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

(42) “Split” means to divide a purchase into two or more parts in order to avoid the requirements of the purchasing policy. This action is prohibited by the policy.

Example: Split: If a department knows it will use \$5,000 of a particular supply in one calendar year and they place two orders six months apart to keep each order below the \$2,500 limit, the action is considered splitting and is not allowed under the policy.

Not Split: If a department hires ABC Consulting to prepare a fee study for \$8,000 and also hires the same company to oversee a capital improvement project for \$9,000, the action is not considered splitting.

(43) “Supplies” means office supplies, janitorial supplies, materials, goods, tools, or other commodities used in the general conduct of the City’s business, except supplies or materials for a public work, which is regulated under RCW 39.04.

(44) “Surplus Property” means any tangible, personal property owned by the City that is no longer needed or usable presently or in the foreseeable future.

(45) “Vendor” means a supplier of goods or services.

(46) “Warranty” means the representation that something is true. Not to be confused with “Guarantee.” A representation of utility, condition, and durability made by a bidder or offerer for a product offered.

17-04-040: Unauthorized Purchases:

(1) Except for emergencies, the City of Kennewick shall not be obligated to pay any vendor for any purchase over \$2,500 unless a purchase order has been issued. A purchase order is the City’s legal offer to buy specific goods and services. Without this document, the City has no legal obligation to pay the vendor and the individual making the purchase may be held personally responsible for the purchase.

(2) Purchase orders shall be issued prior to ordering supplies, equipment, and services and not “after the fact” for work already done or materials already ordered.

17-04-050: Responsibilities of the Purchasing Division: The Purchasing Division is responsible for:

- (1) The procurement of supplies, services, and equipment;
- (2) The administration of the purchasing policy;
- (3) The management of surplus City property; and
- (4) To establish and maintain inventory in Central Stores and Warehouse for the City. To perform these functions efficiently and assist departments, the Purchasing Division shall:
 - (a) Be charged with the responsibility and authority for coordinating and managing the procurement of the City’s supplies, services, and equipment from the lowest responsive and responsible bidder when required by this policy;
 - (b) Ensure full and open competition on all purchases as required by this policy;
 - (c) Identify, evaluate, and utilize purchasing methods which best meet the needs of the City (i.e., competitive bids, cooperative purchases, local supply contracts, contractual agreements, etc.);
 - (d) Assist all departments with research and recommendations in developing specifications; review specifications for completeness of information to ensure specifications are not unnecessarily restrictive;
 - (e) Coordinate vendor relations, locate sources of supply, and evaluate vendor performance;
 - (f) Recommend revisions to purchasing procedures when necessary and keep informed of current developments in the field of public purchasing;
 - (g) Prescribe and maintain all forms and records necessary for the efficient operation of the purchasing function and administration of contract agreements;
 - (h) Act as the City’s agent in the transfer and disposal of surplus equipment and materials;
 - (i) Review department recommendations for award of contracts;

- (j) Administer bids for the life of the contract, i.e. price increases, lapses in insurance coverage, bonding, etc.;
- (k) Management of inventory and warehouse to maintain controls, efficient delivery, and availability of necessary items to departments.

17-04-060: Responsibilities of Departments: Departments are responsible for the following areas in the purchasing process:

- (1) To provide to the Purchasing Division at the beginning of each calendar year, an updated authorized signature list designating those individuals who are delegated the authority to make purchases per the policies and procedures as described herein. The employee number of each authorized individual shall be listed next to that individual's name. The employee number will be used by the vendor to verify the identity of the employee receiving the goods or services.
- (2) To anticipate requirements sufficiently in advance to allow adequate time to obtain goods in accordance with this policy and best purchasing practices.
- (3) To communicate and coordinate purchases with the Purchasing Division, as necessary.
- (4) To provide detailed, accurate specifications to ensure goods obtained are consistent with requirements and expectations.
- (5) To prepare requisitions, when required, in accordance with instructions so as to minimize delays.
- (6) To inform the Purchasing Division of any vendor relation's problems, shipping problems and any situations which could affect the purchasing function.
- (7) To minimize urgent and sole source purchases and to provide written documentation when such purchases may be necessary.
- (8) To assist the Purchasing Division with the review of all bids received for compliance with specifications.
- (9) To not "split" orders for the purpose of avoiding procurement requirements. See Definitions Section 17-04-030.
- (10) To verify the availability of appropriated funds. Capital acquisition items (items over \$5,000) must be approved at the time the budget is adopted. Any items not approved when the budget is adopted must be requested in writing by the department head and approved by the City Manager before Purchasing will approve the requisitions and process the order.
- (11) To obtain MSDS sheets as required on local supply contracts or other purchases where Purchasing is not involved. Copies shall be distributed to appropriate staff in the Municipal Services Department.
- (12) To utilize new vendor number request form to provide necessary vendor information for new vendor set-up when required.

17-04-070: Vendor Relations: It is to the City's advantage to promote and maintain good relations with vendors. Employees of the City of Kennewick shall conduct their dealings with vendors in a professional manner and shall promote equal opportunity and demonstrate fairness, integrity, and courtesy in all vendor relations. When feasible to do so, vendors within the City of Kennewick should be utilized for supplies, services, and equipment. Any on-site demonstrations shall be arranged by the Purchasing Division.

17-04-080: Purchasing Methods:

- (1) **Requirements for certain purchasing dollar limits.** Purchasing dollar limits apply (i) to individual purchases, (ii) when the combined total of identical items purchased at the same time or within a calendar year's time exceeds the dollar limits, (iii) the total cost of items that are designed or intended to be used together exceeds dollar limits, or (iv) for multi-year contracts, the dollar limits apply to the total cost over life of the contract (except maintenance contracts where the dollar limits apply on an annual basis). This policy specifically prohibits splitting an order to circumvent the specified dollar limits. Limits apply to the total cost of an item including freight, taxes, or any other costs required to place the item in service.

TITLE 17 - SUPPORT SERVICES KENNEWICK ADMINISTRATIVE
PURCHASING CODE

(a) **Purchases of Less than \$2,500.** For purchases of less than \$2,500, comparative pricing is not required but shall be used when practical. Prudent judgment shall be used at all times. All departments may purchase supplies, equipment, and services, of less than \$2,500 without competitive bidding and without a purchase order with the following exceptions:

- (i) Purchases involving controlled commodities;
- (ii) Purchases of items that are designed or intended to be used together (i.e. water meter boxes and lids) where the total combined cost exceeds \$2,500;
- (iii) Purchases of identical items at the same time or within a calendar year's time in which the combined total exceeds \$2,500.

A purchase order may be requested by the department if required by the vendor or if the department wishes to use the purchase order as a mechanism to encumber funds. If the department elects not to involve Purchasing, an employee number shall be used in lieu of a purchase order number so that purchases, invoices, and packing slips can be linked to the individual and department.

(b) **Purchases Between \$2,500 - \$9,999.99.** Purchases between \$2,500 - \$9,999.99 require three (3) competitive quotes, which can be obtained by either the requesting department or the Purchasing Division. However, only the Purchasing Division is authorized to issue a purchase order and place the order with the vendor. The department shall submit a requisition, approved by the department head, which includes the recommended vendor and all supporting documentation to the Purchasing Division. Supporting documentation shall include competitive price quotes obtained, date price was obtained, names of vendors contacted, description of the items required (including make, model, size, and quantity), and certificates of insurance as applicable. If the department is requesting an item be purchased that is unique or is a sole source item, a sole source form with supporting documentation signed by the department head identifying the circumstances is required. The Purchasing Division shall review the recommendation and supporting documentation and may contact additional sources for quotations if required. Any on-site demonstrations shall be arranged by the Purchasing Division.

The Purchasing Division may award purchase to the lowest responsive and responsible bidder whose quote fulfills the intended purpose, quality, and delivery needs of the solicitation, provided that an unencumbered appropriation for that item exists. In lieu of awarding the purchase, the Purchasing Division may reject bids, or may negotiate further to obtain terms more acceptable to the City.

(c) **Purchases between \$10,000 - \$34,999.99.** Purchases between \$10,000 - \$34,999.99 require three (3) competitive quotes, which must be obtained by the Purchasing Division. Any on-site demonstrations shall be arranged by the Purchasing Division. The department shall submit a requisition detailing the specifications of the requested item to the Purchasing Division. If the department is requesting an item be purchased that is unique or is a sole source item, a sole source form with supporting documentation signed by the department head identifying the circumstances is required. The Purchasing Division shall obtain written quotes and analyze those quotes upon receipt. Vendor selection is made by Purchasing based on the recommendation of the requesting department, as well as the price, quality, and product availability.

The Purchasing Division may award purchase to the lowest responsive and responsible bidder whose quote fulfills the intended purpose, quality, and delivery needs of the solicitation, provided that an unencumbered appropriation for that item exists.

(d) **Purchases over \$35,000.** Purchases in excess of \$35,000 are required to be obtained via written or, if necessary, formal bids. If the Purchasing Division determines that it is in the best interest of the City to issue formal bids, those bids must follow the guidelines outlined under Section 17-04-120, Formal Bid Process.

The Purchasing Division may award purchase to the lowest responsive and responsible bidder whose quote fulfills the intended purpose, quality, and delivery needs of the solicitation, provided that an unencumbered appropriation for that item exists.

- (2) **Controlled Commodities.** Controlled commodities are those items that either:
 - (a) Purchasing has determined to be eligible for volume discount pricing; or
 - (b) are otherwise controlled by the Purchasing Division or their designee. They include:
 - (i) Supplies carried in Central Stores/Warehouse;
 - (ii) Furniture;

- (iii) Computer hardware or software, printers and other related equipment;
- (iv) Cellular phones, telephone equipment, pagers, copiers, fax machines;
- (v) Business cards, Logos, Operating Engineer Uniforms (except as allowed by uniform policy) and City of Kennewick stationary;
- (vi) Guns and ammunition;
- (vii) Door locks and keying systems;
- (viii) New capital items, small equipment and related attachments, or maintenance parts/supplies which will be, or are currently, maintained by fleet.

(3) **Professional/Personal Service Contracts.**

(a) Professional Service Contracts are contracts with an independent contractor to provide "personal service" to the City. "Personal service" means professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement;

(b) Departments contracting for professional/personal services should utilize the City's applicable standard service contract. The City Attorney's office shall review all contracts, except the standard service contracts, prior to the execution of the contracts. All contracts over \$2,500 require a purchase order. Competitive quotes are suggested for contracts between \$2,500 and \$9,999.99, which can be obtained by either the requesting department or Purchasing. Contracts between \$10,000 and \$34,999.99 require three (3) competitive quotes which can be obtained by either the requesting department or Purchasing. Contracts in excess of \$35,000 require three (3) written quotes obtained by Purchasing (or at the discretion of the City Manager may require formal bidding) and approval by the City Council.

(4) **Local Supply Contracts.**

(a) Local supply contracts have been established with certain vendors to provide equipment or supplies on an as-needed and often over-the-counter basis. Local supply contracts provide a mechanism whereby items which are uneconomical to stock may be purchased in a manner that allows field operations timely access to necessary materials. Local supply contracts shall not be used to purchase services, capital assets, or controlled commodities.

(b) The Purchasing Division shall update local supply contracts annually. Requests for new local supply contracts may also be submitted to the Purchasing Division on an as-needed basis. The Purchasing Division shall review requests based upon the following criteria:

- (i) Geographic location;
 - (ii) Responsiveness and capabilities;
 - (iii) Average dollar value and type of items to be purchased;
 - (iv) Frequency of need;
- (c) All local supply contracts shall include the following information:
- (i) A general description of the equipment or supplies which may be charged;
 - (ii) The period of time the order will remain open;
 - (iii) The maximum total amount which may be charged on the contract;
 - (iv) The maximum amount which may be charged each time an employee makes a purchase from the vendor;
 - (v) Items excluded from the purchase, if applicable;
 - (vi) The phone number of the purchasing agent for questions or approval of charges which exceed the limit;
 - (vii) Identification of the department(s) and employee(s) who may charge against the order;
 - (viii) Requirement that employees print and sign their names and print their employee number when picking up goods.

(d) Once a local supply contract is established with a vendor, authorized City employees may contact the vendor directly to place orders per the terms and conditions specified in the contract.

(5) **Procurement Cards.** Under certain circumstances, the use of a procurement card may be the most appropriate method for certain purchases. The procurement cards are meant to supplement the purchasing process not circumvent it. The card is to be used for official City business and may not be used for personal purchases. The following restrictions exist for the use of procurement cards:

(a) The procurement card should be used whenever possible in lieu of petty cash, emergency purchase orders, advance checks, or purchase requisitions when the dollar amount for a single item or group of items, including taxes and shipping, is under \$2,500;

(b) Procurement cards may be used for travel-related expenses subject to the terms of the City's travel policy;

(c) Each single purchase may be comprised of multiple items, but the total including tax cannot exceed the single purchase dollar limit on your procurement card;

(d) If a purchase will exceed the limit established by the City, normal-purchasing procedures must be followed;

(e) The least expensive item that meets your basic needs should be sought;

(f) Cardholders must ensure that sufficient funds are available in the budget prior to making any purchases;

(g) Cardholders must comply with the procedures set forth in the Procurement Card Manual;

(h) Purchases are not to be split to circumvent procurement regulations;

(i) When purchasing items via the Internet, the following guidelines shall be followed:

(i) Do not create an account with the vendor where the credit card information will be stored with your profile. Creating accounts with the City's name, address, and phone number is acceptable;

(ii) Only purchase from secure sites. Secure sights are those displaying a padlock icon on the bottom right-hand side of the screen;

(iii) Do not accept any "free trial" offers as they usually have automatic payments posted against the card after the trial period ends.

(j) Purchasing cards shall not be used for the following purposes:

(i) Cash advances;

(ii) Entertainment;

(iii) Alcoholic beverages;

(iv) Purchases of controlled commodities;

(v) Meals which would otherwise be subject to per diem reimbursement (see travel policy);

(vi) Personal use;

(vii) Computer equipment;

(viii) Purchases of items available in Central Stores (unless out-of-stock);

(ix) Purchase of materials from a member of the cardholder's immediate family.

(6) **State Contract Purchasing.** There are a variety of items available to the City through state contracts. Whenever feasible, the City will purchase from these contracts instead of requesting quotes or bids. Use of State contracts shall be administered by Purchasing.

(7) **Cooperative Purchases.** The Purchasing Division may participate in purchases and contracts established by other political jurisdictions, subject to the following criteria:

(a) An Interlocal Agreement, which has been approved in accordance with Section 17-04-090 of this policy, needs to be on file with Purchasing;

(b) The contract must be current and must have been bid within the requirements of this policy;

(c) The government entity and the vendor must be willing to share their contract pricing;

(d) A complete copy of the contract must be reviewed by Purchasing for compliance with our bidding requirements;

(e) Purchasing places the order.

Departments should contact Purchasing to determine if interlocal purchasing is feasible for their particular needs.

(8) **Purchases at Auctions.** The City may purchase any supplies, equipment, or materials at auctions conducted by the government of the United States or any agency thereof, any agency of the state of Washington, any municipality or other government agency, or any private party without being subject to public bidding requirements if the items can be obtained at a competitive price (RCW 39.30.045).

(9) **Emergency Purchases.**

- (a) Emergency purchases may be made without competitive bidding when time is of the essence, and shall be made only for the following reasons:
 - (i) To preserve or protect life, health, or property; or
 - (ii) Upon natural disaster; or
 - (iii) To forestall a shutdown of essential public services.
- (b) Since emergency purchases do not normally provide the City an opportunity to obtain competitive quotes or properly encumber funds committed, sound judgment shall be used in keeping such orders to an absolute minimum. In addition, the following requirements shall apply:
 - (i) The Purchasing Division shall be contacted as soon as possible for an advance purchase order number, which may be given verbally, to cover the urgent transaction. If unable to contact the Purchasing Division, place the order, secure a receipt, and contact the Purchasing Division the next workday;
 - (ii) A completed purchase requisition shall be submitted to the Purchasing Division within two working days, or as soon as the information is available. All purchase requisitions for emergency purchases shall be signed by the appropriate department head, have all applicable receipts attached, and include documentation explaining the circumstances and nature of the purchase;
 - (iii) If the emergency purchase causes any budget line item to exceed the approved budget, it shall be the responsibility of the department requesting the purchase to make a transfer to cover the purchase or, if necessary, obtain subsequent City Council approval for an additional appropriation.

(10) **Change Orders and Cancellations.**

- (a) Purchase orders represent a contract between the City and the Vendor. Any substantial change to a purchase order shall be documented as a change order. Only the Purchasing Division is authorized to cancel or change a purchase order. A purchase order may not be increased by more than 10% or \$2,500, whichever is less, without a change order, except for taxes, shipping and handling as discussed below. If a purchase order is to be cancelled the Purchasing Division shall contact the vendor to confirm if a cancellation will be allowed and if any additional charges will be incurred. Purchasing will advise the ordering department of this information and will proceed with the cancellation if desired by the department.
- (b) Taxes, shipping and handling may cause the purchase order to exceed the authorized purchase order amount. These items do not require a change order, even if they exceed 10% of the original purchase order amount.

(11) **Equipment Leases.** Lease purchases follow the same dollar limit guidelines as standard purchases. Determination of what category applies is based on the total dollar value for the term of the lease including any payments due at the end of the lease.

17-04-090: Approval Authority.

- (1) **City Council.** Except as provided in items (2) and (3) of this section, all contractual commitments including but not limited to, purchases of equipment and fixtures, consulting and professional service agreements, claims settlements and releases of liability, intergovernmental agreements, real estate purchase and sale agreements, property leases, franchise agreements, and license agreements shall be signed by the Mayor upon approval by the City Council.
- (2) **City Manager.** The City Manager is authorized to approve general purchases or sign professional service contracts, subject to the bidding requirements of this policy, up to \$35,000.
 - (a) **Claim Settlements/Release of Liability.** The City Manager shall have the authority to approve claims or settlements up to \$35,000. Said claims/settlements shall include, but are not limited to claims for damages filed by citizens, intergovernmental disputes, or to resolve employment disputes that involve compensation in addition to normal severance packages;
 - (b) **Intergovernmental Agreements.** The City Manager is authorized to approve intergovernmental agreements authorized under Interlocal Cooperation Act, RCW 39.34, when the exercise of authority under that Act does not result in the expenditure of more than \$35,000 of City funds;

(c) Property Leases and Right-of-Way License Agreements. The City Manager shall be authorized to enter into lease agreements to lease City property consistent to KAC 6-16. For any lease where the price shall be below the established minimum price, City Council approval shall be required. The City Manager may also authorize license agreements for the limited use of City property for signage, landscaping, and related uses so long as the licensee adds the City as a named insured to the licensee's property and casualty insurance and provides a certificate of insurance as evidence of coverage (see Section 17-04-100(1));

(d) Emergency Services. The City Manager shall be authorized to enter into contractual relations in the event of an emergency as defined in Section 17-04-080(9). However, any contract entered into under this provision shall be subject to review by the City Council at the first available meeting following execution of the contract(s). All contracts made under this section shall be made available for public inspection within three (3) working days following execution.

(3) **Department Heads and City Attorney.** The Department Heads and City Attorney are authorized to make general purchases or sign professional service contracts, subject to the bidding requirements of this policy, up to \$25,000. The City Attorney is authorized to retain the services of legal counsel so long as the budget for legal contractual services is not exceeded in a given budget cycle. Upon approval of the City Council, the City Attorney may enter into a retention agreement to jointly retain legal counsel with one or more political subdivision(s) or with other named defendants so long as there are no conflict(s) of interest.

17-04-100: Additional Requirements:

(1) **Certificates of Insurance.** The City shall require certificates of insurance from contractors on certain types of contracts. These contracts shall include, but not be limited to, contracts or projects involving the use or lease of City property, license agreements, or contracts in which the contractor is acting on behalf of the City (i.e. Animal Control services, Coliseum management services, etc.). The department responsible for managing said contract will also be responsible for ensuring that the insurance certificates are kept current.

(2) **Brand Name, or Equal, Specifications.**

(a) In purchasing equipment or supplies needed to be compatible with existing equipment, or to perform complex or unique functions, the Purchasing Manager may limit bidding to a specific product type or a brand name product;

(b) Use of brand names in specifications shall be for the purpose of describing the standard of quality, performance, and characteristics the City desires and not be intended to limit or restrict competition. If a brand name is incorporated into a specification, a minimum of two acceptable brands shall be listed whenever possible and shall be followed by the statement "or approved equal" unless the sole source rule applies. The Purchasing Manager reserves the right to determine and approve whether or not a product submitted is an "approved equal;"

(c) Using specifications provided by a specific manufacturer should be avoided, however, if used, the name of the manufacturer, model number, etc., should be indicated. The bid document shall clearly state that the use of the manufacturer's specifications is for the sole purpose of establishing the level of quality desired'

(3) **Record Retention.** All original contracts shall be kept on file with the City Clerk. The contracting department shall be responsible for compliance with notice requirements, deadlines for renewal and termination, and when applicable, obtaining updated certificates of insurance.

17-04-110: Exceptions:

(1) **Public Works Contracts.** Purchases which are included within the definition of a "Public Works Contract" are subject to the regulations contained in the State of Washington Public Contracts Code (RCW Title 39) and Kennewick Municipal Code Chapter 5. Public Works Contracts and the Small Works Roster are administered by the Municipal Services Department and are excluded from this policy.

(2) **Architectural and Engineering Services.** The acquisition of Architectural and Engineering services is governed by RCW 39.80 and is excluded from the procedures set forth in this policy. "Architectural and engineering services" means professional services rendered by any person,

other than as an employee of the agency, contracting to perform activities within the scope of the general definition of professional practice in RCW 18.08 (Architects), 18.43 (Engineers and Land Surveyors), or 18.96 (Landscape Architects).

(3) **Sole Source Purchases.** Commodities and services which can be obtained from only one vendor are exempt from competitive bidding. Sole source purchases may include proprietary items sold directly from the manufacturer, items that have only one distributor authorized to sell in this area or a certain product has been proven to be the only acceptable product. All sole source purchases require completion of a sole source request form, signed by the department head, which justifies the need for a sole source purchase. This form and all supporting documentation shall be submitted to the Purchasing Division and final determination that an item is a valid sole source purchase will be made by the Purchasing Division.

(4) **State Contracts.** Commodities and services which can be obtained from State contracts are exempt from competitive bidding. Purchases from State contracts shall be administered by the Purchasing Division.

(5) **Other Exemptions.** 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 is not applicable or where a check is required to accompany the order. Following is a list of allowable exemptions:

- (a) Advertisements and notices;
 - (b) Attorney Services;
 - (c) Membership dues;
 - (d) Training/conference registrations;
 - (e) Purchases under \$2,500 (see Section 17-04-080(1)(a));
 - (f) Fuel;
 - (g) Insurance claims and premiums;
 - (h) Medical payments (physicians, lab, etc.);
 - (i) Contracts for interpreter services and interpreter brokerage services on behalf of limited-English speaking or sensory-impaired applicants and recipients of public assistance;
 - (j) Payments to other governmental units;
 - (k) Petty cash replenishment;
 - (l) Property rentals;
 - (m) Real property/easement acquisition;
 - (n) Subscriptions;
 - (o) Trade circulars or books;
 - (p) Travel expense/advances;
 - (q) Utility payments;
 - (r) Contracts for employment of expert witnesses.
- (6) Exemptions are limited to those items listed above. Departments may submit written requests for additional exemptions to the City Manager. If warranted, the City Manager can add additional exemptions to this list or make one-time exemptions on a case-by-case basis.

(7) If a vendor requires a purchase order to process an order, the department shall submit a purchase order requisition to the Purchasing Division to initiate a purchase order.

17-04-120: Formal Bid Process:

(1) Purchases of supplies, services, and equipment of \$35,000 or more may require a formal bid process as determined by the Purchasing Manager.

(2) To initiate the formal bid process, the department making the request shall provide specifications for the item to be purchased and documentation showing the existence of an unencumbered appropriation for the item in the current approved budget to the Purchasing Division prior to the issuance of a notice inviting bids (NIB). The NIB is formal notification that goods or services are being solicited by the City. The Purchasing Division shall prepare the bid package and publish a notice inviting bids at least 10 days before the due date.

TITLE 17 - SUPPORT SERVICES KENNEWICK ADMINISTRATIVE
PURCHASING CODE

(3) All formal bid opening dates will be at a time, date, and location specified in the bid package. The Purchasing Division will publicly open and declare the content of bids received at the time and place specified in the bid package. Bids received after the appointed hour for opening will be returned unopened to the sender. Bids shall be reviewed for compliance with specifications by the Purchasing Division and the requesting department. All deviations from the specifications shall be fully documented by the requesting department and the impact of the deviations on the performance or suitability of the bid item shall be detailed. The City is not limited to awarding the contract based solely on lower cost, but may take into account responsiveness to specifications, ability to render post-purchase service, and the life cycle cost of the equipment, etc. The City has the right to reject any and all bids presented. Bid results will be made available to all interested parties as soon as possible following the bid reading

17-04-130: Award of Bids:

(1) **Lowest Responsive and Qualified Bidder.**

- (a) Bids shall be awarded to the “responsive” and “qualified” bidder who submits the lowest bid;
- (b) In determining the lowest “responsive” bid, the following elements shall be considered in addition to price:
 - (i) A responsive bid is one which is in substantial conformance with the requirements of the invitation to bid, including specifications and the City’s contractual terms and conditions. Bidders who substitute terms and conditions or who qualify their bids in such a manner as to nullify or limit their liability shall be considered non-responsive bidders;
 - (ii) Conformance with the requirements of the invitation to bid may also include providing proof of insurance, completing all forms, including references, and all other information as requested in the bid document;
 - (iii) The successful bidder must demonstrate the ability to successfully fulfill a contract, including rendering of subsequent and continuing service. Staff may request proof of a prospective bidder’s reliability. Prospective bidders may be requested to furnish proof of financial resources, a list of current or previous customers, and other pertinent data. Such action may also be taken after receipt of bids;
 - (iv) A bidder may be determined to be non-responsive if a prospective bidder fails to furnish proof of qualifications when required.
- (c) In determining the lowest “qualified” bidder, the following elements shall be considered in addition to price:
 - (i) That the products offered provide the quality, fitness, and capacity for the required usage;
 - (ii) That the bidder has the ability, capacity and skill to perform the contract satisfactorily and within the time required;
 - (iii) That the bidder’s experience(s) regarding past purchases by the City or other public agencies demonstrates the reliability of the bidder to perform the contract.
- (d) When a bid is recommended to be awarded to other than the low bidder, written justification is required. The written statement, signed by the appropriate department head, shall be attached to the purchase requisition.

(2) **Rejection of Bids.** The Purchasing Manager or the requesting department may recommend rejection of any or all bids if it is determined to be in the best interests of the City. Reasons for rejection may include, but are not limited to, the following: a bid is determined to be non-responsive, the number of bids received is inadequate, bids received are not reasonably uniform in price, or the lowest bid received is deemed to be too high. The Purchasing Manager may, in any given case, reject all bids with or without cause and begin a new bidding process. If all bids are rejected, the Purchasing Division may be authorized to re-solicit bids, negotiate a contract for the purchase, or abandon the purchase.

(3) **Tie Bids.** If two or more bids are received which are in all respects equal, the Purchasing Division may accept the one deemed to be in the best interests of the City.

17-04-140: Surplus Property.

(1) The Purchasing Division is responsible for the transfer and disposition of surplus City property. "Surplus property" is used generically to describe any tangible, personal property owned by the City that is no longer needed or usable presently or in the foreseeable future. This section does not apply to real property (see KAC Section 6-16-060). The Purchasing Manager or designee has the authority to declare item(s) surplus. Any surplus item can be sold to another public agency without offering it for sale through auction or sealed bids provided the value of that item does not exceed \$50,000 and such a sale would be in the best interest of the general public.

(2) If a department has an item that is no longer needed, they are to submit a memorandum to Purchasing listing the item and stating that the item is no longer needed. Purchasing will maintain a listing on the City's Intranet, which will serve as notification to all departments of what surplus items are available. If no departmental interest is shown, the item will be sold or disposed of in accordance with this policy, with the following exceptions:

(a) Utility Assets. If the asset was originally purchased for utility purposes, the provisions of RCW 35.94.040 shall apply;

(b) Assets Valued over \$50,000. If the value of the asset is estimated to be more than \$50,000, and if the sale is to another governmental entity, the provisions of RCW 39.33.020 shall apply;

(c) Hazardous Materials. Hazardous materials are not accepted as surplus and should be disposed of following applicable laws and regulations.

(3) Methods of Disposition. The Purchasing Manager or designee shall determine or approve one of the following methods of disposition that is most appropriate and in the best interests of the City.

(a) Transfer to Another Department. Surplus property may be transferred between City departments. Departments wishing to transfer surplus property to or from another department shall complete the surplus property form and submit it to the Purchasing Division for review. All transfers of items with an estimated value of \$5,000 or more require approval of the department heads from each department affected by the transfer. Transfers involving the City's fleet may also be subject to additional requirements as required by the City's fleet policy;

(b) Trade-In. Property declared as surplus may be offered as a trade-in for credit toward the acquisition of new property. All trade-in offers will be submitted for the review and approval of the Purchasing Division. If surplus property is to be applied to a purchase order, the trade-in value shall be itemized on the purchase order;

(c) Return to Manufacturer. Surplus property may, when possible, be returned to the manufacturer for buy-back or credit toward the purchase of new property.

(d) Disposal. Surplus property may be offered for sale by the Purchasing Manager. All surplus property is for sale "as is" and "where 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 sale are as follows:

(i) Public Auction. Surplus property may be sold at public auction. Public Auctions may be conducted by City staff, or the City may contract with a professional auctioneer including professional auction services;

(ii) 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;

(iii) Selling for Scrap. Surplus property may be sold as scrap if the Purchasing Manager deems that the value of the raw material exceeds the value of the property as a whole;

(iv) Negotiated Sale. Surplus property may be sold outright if the Purchasing Manager determines that only one known buyer is available or interested in acquiring the property;

(v) Transferred. Surplus property may be sold or transferred to public benefit nonprofit corporations;

(vi) No Value Item. Where the Purchasing Manager determines that specific supplies or equipment are surplus and of minimal value to the City due to spoilage, obsolescence or other cause or where the Purchasing Manager determines that the cost of disposal of such

supplies or equipment would exceed the recovery value, the Purchasing Manager shall dispose of the same in such a manner as he or she deems appropriate and in the best interest of the City.

17-08 OTHER SERVICES PROVIDED BY THE PURCHASING DIVISION

SECTION:

- 17-08-010: Follow-up
- 17-08-030: Shipping a Package
- 17-08-050: Product Information
- 17-08-060: Source Search

17-08-010: Follow-up: The Purchasing Division is to supply material and/or supplies to fulfill the requisitioning department's requirements. This function is not complete until satisfactory delivery of such items has been made. If there is a problem in the delivery of the materials and/or supplies, contact Purchasing as soon as possible. If an item is delivered directly to you by a vendor, forward the packing slip to the Purchasing Division.

17-08-030: Shipping a Package: If you have an item to ship, package it for shipment, include a return address inside the package, and a shipping label on the outside. Call the Purchasing Division and someone will pick up your package. You will need to let us know what is inside the package and the item's value.

17-08-050: Product Information: The Purchasing Division can help you get catalogs, data sheets, etc. from suppliers.

17-08-060: Source Search: The Purchasing Division will try to find a source for a desired item upon request.