RESOLUTION NO. 270

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, ADOPTING FINANCIAL MANAGEMENT POLICIES AND REPEALING RESOLUTION NO. 253.

WHEREAS, the City Council finds it in the best interest of the citizens to establish policies to ensure the financial stability of the City; and

WHEREAS, the Finance Committee of the City of Woodinville has reviewed the Purchasing Policies and recommended that the policies be taken to the City Council; and

WHEREAS, the City Council regularly reviews existing policies and establishes additional policies to promote fiscal responsibility and the efficient transaction of City business; Now, Therefore

THE CITY COUNCIL OF THE CITY OF WOODINVILLE, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The City hereby adopts the policies (Attachment A) as the Purchasing Policies of the City of Woodinville.

ADOPTED by the City Council this 5th day of April, 2004.

Don Brocha, Mayor

ATTEST:

Sandra Parker/CMC

Sandra C. Parker/CMC
City Clerk

	Finance **Policy Number: 5.01** **Policy Title:** Purchasing Policies **Effective Date:** September 14, 2001 Revised: June 2, 2003 (Resolution No. 253) Revised: April 5, 2004 (Resolution No. 270)

Purchasing Policies

I. General Requirements

1. Department directors shall assure that appropriations are sufficient to acquire the goods or services.

2. City employees shall strive to obtain the most cost-effective prices for the City, and shall consider all aspects of purchasing in acquisition decisions.

3. Purchases, which exceed $250, will require an approved requisition.

4. Employees are encouraged to obtain price quotes from more than one vendor whenever practical. For purchases of materials, supplies, and equipment, which exceed $500, a minimum of three quotes shall be obtained, unless the items are from a sole source vendor (see sole source purchases below).

5. All purchases that involve multiple departments should have the approval of all participating departments.

6. With approval of the City Manager, an open purchase order (open account) of up to $3,000 may be authorized to selected vendors. Receipts shall be obtained and shall be submitted with the proper BARS account number to the finance department within one day of the purchase.

7. With approval of the City Manager, a credit card for selected vendors and uses may be authorized and exempted from completing the requisition and purchase order form prior to the purchase, provided the receipts for said purchases are submitted to the finance department the next business day.

8. With prior approval of the department head, an employee may personally pay for an approved purchase, and then seek reimbursement through an expense voucher.

9. All invoices received pursuant to this policy shall be approved for payment by the affected department head(s), or their designee, on either the invoice itself or on the City voucher.

10. For major purchases, the finance department shall review the purchase order for reasonableness of purchase. Questions may be directed to the department head or City Manager. The City Manager will decide all unresolved issues, and may choose to take any proposed purchase for goods or services to Council for discussion and/or approval pursuant to RCW 35A.13.080.

11. Purchases that would result in line item cost overruns will be allowed if a line item within the same department has funds available to cover the expense, and a budget amendment is approved by the City Manager. The department head must fill out the prescribed form, and submit to the Finance Department. Expenditures requested in excess of a department's adopted budget must be approved by the City Manager. Expenditures in excess of an adopted fund amount will be approved by the City Council by an amending Ordinance.

12. A Petty Cash fund shall be established for the control and use of petty cash for minor purchases for the city.

Sole Source Purchases

13. Competitive bidding requirements may be waived by the governing body of the municipality for:

    a. Purchases that are clearly and legitimately limited to a single source of supply;
    b. Purchases involving special facilities or market conditions;
    c. Purchases in the event of an emergency;
    d. Purchases of insurance or bonds; and
    e. Public works in the event of an emergency.

13.1 In the event the material, equipment, supplies, or services are available from only one supplier, written documentation demonstrating the appropriateness of sole source procurement shall be submitted to and approved by the City Manager. When the total expected cost exceeds five thousand ($5,000), the City Attorney will also approve sole source justifications. Except in the event of an emergency, the contract and the basis for the exception from competitive procurement must be recorded and open to public inspection immediately after its award.

13.2 If an emergency exists, the person or persons designated by the City Council to act in the event of an emergency may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary contracts on behalf of the municipality to address the emergency situation. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the governing body or its designee and duly entered of record no later than two weeks following the award of the contract.

13.3 For purposes of this section "emergency" means unforeseen circumstances beyond the control of the municipality 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.

II. Special Requirements: Public Works Improvements

1. All projects require approval of the City Manager.
2. All projects, except those performed under an interlocal agreement, require a requisition and a contract.
3. Projects exceeding the following limits must be competitively bid in accordance with the procedures prescribed by RCW 35.23.352:

   a. $45,000- for projects requiring multiple crafts or trades.

   b. $30,000 - for single craft projects or those involving signalization or street lighting.
4. Projects, which exceed $20,000, require Council to award bid.
5. Determining Lowest Responsible Bidder. The City of Woodinville shall award the contract for the public works project to the lowest responsible bidder provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the City of Woodinville may call for new bids. In addition to price, the City of Woodinville shall take into account the following:

   a. The ability, capacity, and skill of the bidder to perform the contract;

   b. Whether the bidder can perform the contract within the time specified by the City of Woodinville;

   c. The quality of the bidder's performance of previous contracts or services;

   e. The previous and existing compliance by the bidder with laws relating to the contract or services.

6. Award. The City Manager or his designee shall present all telephone quotations/bids and recommendation for award of the contract to the lowest responsible bidder to the City Council. However, for public works projects under $20,000, the City Manager shall have the authority to award public works contracts. The City Council shall award all public works contracts over $20,000.

7. Interlocal Agreements. Projects performed pursuant to an interlocal agreement are exempt from bidding requirements and do not require a separate contract (RCW 39.34), but are subject to the limits established by the agreement. Requests for discretionary services, which exceed $500, must be executed by the Department Director.

Small Works Roster

8. Small works roster procedures. The following small works roster procedures are established for use by the City of Woodinville pursuant to RCW 35.23.352 and Chapter 39.04 RCW.

8.1 Cost. The City of Woodinville need not comply with formal sealed bidding procedures for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property where the estimated cost does not exceed Two Hundred Thousand Dollars ($200,000), which includes the costs of labor, material, equipment and sales and/or use taxes as applicable. Instead, the City of Woodinville may use the small works roster procedures for public works projects as set forth herein. The breaking of any project into units or accomplishing any projects by phases is prohibited if it is done for the purpose of avoiding the maximum dollar amount of a contract that may be let using the small works roster process

8.2 Number of Rosters. The City of Woodinville may create a single general small works roster, or may create a small works roster for different specialties or categories of anticipated work. Said small works rosters may make distinctions between contractors based upon different geographic areas served by the contractor.

8.3 Contractors on Small Works Roster(s). The small works roster(s) shall consist of all responsible contractors who have requested to be on the roster(s), and where required by law are properly licensed or registered to perform such work in this state. Contractors desiring to be placed on a roster or rosters must keep current records of any applicable licenses, certifications, registrations, bonding, insurance, or other appropriate matters on file with the City of Woodinville as a condition of being placed on a roster or rosters.

8.4 Publication. At least once a year, the City of Woodinville shall publish in a newspaper of general circulation within the jurisdiction a notice of the

existence of the roster or rosters and solicit the names of contractors for such roster or rosters.

8.4.1 Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records.

8.4.2 The City of Woodinville may require master contracts to be signed that become effective when a specific award is made using a small works roster.

8.4.3 An interlocal contract or agreement between the City of Woodinville and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.

8.5 Telephone or Written Quotations. The City of Woodinville shall obtain telephone, written or electronic quotations for public works contracts from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder, as defined in RCW 43.19.1911, as follows:

8.5.1 A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This paragraph does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.

8.5.2 Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.

8.5.3 If the estimated cost of the work is from one hundred thousand dollars ($100,000) to two hundred thousand dollars ($200,000), the City of Woodinville may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The City of Woodinville has the sole option of determining whether this notice to the remaining contractors is made by:

a. Publishing notice in a legal newspaper in general circulation in the area where the work is to be done;

b. mailing a notice to these contractors; or

c. sending a notice to these contractors by facsimile or other electronic means.

8.5.4 At the time bids are solicited, the City of Woodinville representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project;

8.5.5 A written record shall be made by the City of Woodinville representative of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.

8.5.6 Public Notification. At least once every year a list of the contracts awarded under that process is to be furnished to the City Council and made available to the general public. The list shall contain the name of the contractor or vendor awarded the contract, the amount of the contract, a brief description of the type of work performed or items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

Limited Public Works Process

9. Limited Public Works Process. If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars ($35,000), the City may award such a contract using the limited public works process provided under RCW 39.04.155, subsection (3).

9.1 Quotes. For limited public works project, the City will solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder as defined under RCW 43.19.1911(9). After an award is made, the quotations shall be open to public inspection and available by electronic request.

9.2 Waive Performance Bond Requirements and Retainage. For limited public works projects, the City may waive the payment and performance bond requirements of chapter 39.08 RCW and the retainage requirements of chapter 60.28 RCW, thereby assuming the liability for the contractor's nonpayment of laborers, mechanics, subcontractors, materialmen, suppliers, and taxes imposed under Title 82 RCW that may

be due from the contractor for the limited public works project. However, the City shall have the right of recovery against the contractor for any payments made on the contractor's behalf.

9.3 Public Notification. The City shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

III. Special Requirements: Purchases of Supplies, Materials, and Equipment

1. Requisitions are not required for purchases, which do not exceed $250.
2. Completed requisitions, approved by the department director are required for purchases which exceed $250.
3. Purchases of supplies, materials and equipment, which do not exceed $500, may be made by authorized employees as designated by the department head.
4. Purchases between $500 and $7,500 require a minimum of three quotes, unless items are from a sole source vendor (RCW 35.23.352(9)), or the vendor has a contract with the Office of State Procurement (RCW 39.34.030).
   - 4.1 Purchases between $500 and $7,500 require approval of the department director, and a properly executed requisition approved by the City Manager.
   - 4.2 The City of Woodinville is not required to use informal or formal sealed bidding procedures or the procedures set forth in this resolution for the purchase of any materials, supplies, or equipment where the cost of same will not exceed $7,500.
   - 4.3 The City of Woodinville will attempt to obtain the lowest practical price for such goods and services.
5. Purchases, which exceed $7,500 require competitive bid unless the Vendor List is used (RCW 39.04.190).
6. Purchases between $7,500 and $15,000 off the Vendor List require a minimum of three quotes, and a purchase order signed by the department director and City Manager.
7. Purchases of materials, supplies, and equipment, which exceed $15,000, must be bid competitively per RCW 35.23.352.

8. Purchases, which exceed $20,000, require Council to award bid.

9. The City of Woodinville is not required to use informal or formal sealed bidding procedures or the procedures set forth in these policies for the purchase of any materials, supplies of equipment where the cost of same will not exceed $200,000 from vendors on the Office of State Procurement List (RCW 39.34).

10. Lease with an Option to Purchase: Competitive bidding is not required if the estimated cost does not exceed $7,500 subject to debt limits (RCW 35.42.210).

11. Open purchase orders are issued on a periodic basis through the finance department. The open purchase order shall be valid for the length of time, single purchase limit, and cumulative amount specified on the purchase order.

12. Contracts for the purchase of equipment, materials, and supplies not connected with a public works contract may be negotiated with the vendor at the time of purchase and must be reviewed by the City Attorney and Washington Cities Insurance Authority before an award is made.

Purchases between $7,500 and $15,000

13. The following purchasing procedures are established for the purchase of materials, supplies or equipment not connected to a public works project pursuant to RCW 39.04.190:

13.1 Publication of Notice. At least twice a year, the City of Woodinville shall publish, in the City's official newspaper, notice of the existence of a roster(s) of vendors for materials, supplies, and equipment, and shall solicit names of vendors for the roster.

13.2 Telephone Quotations. The City of Woodinville shall use the following process to obtain telephone quotations from vendors for the purchase of materials, supplies, or equipment:

13.2.1 A written description shall be drafted of the specific materials, supplies, or equipment to be purchased, including the number, quantity, quality, and type desired, the proposed delivery date, and any other significant terms of purchase;

13.2.2 A City of Woodinville representative shall make a good faith effort to contact at least three (3) of the vendors on the roster to obtain telephone solicitation quotations from the vendors for the required materials, supplies, or equipment;

13.2.3 The City of Woodinville representative shall not share telephone quotation from one vendor with other vendors solicited for the bid on the materials, supplies, or equipment;

13.2.4 A written record shall be made by the City of Woodinville representative of each vendor's bid on the material, supplies, or equipment, and of any conditions imposed on the bid by such vendor;

13.2.5 The City of Woodinville representative shall present to the City Manager all telephone quotations and a recommendation for award of the contract to the lowest responsible bidder.

13.3 Determining the Lowest Responsible Bidder. The City of Woodinville shall purchase the materials, supplies or equipment from the lowest responsible bidder, provided that whenever there is reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the City of Woodinville may call for new bids. The City of Woodinville, in determining the lowest responsible bidder may take the following factors, in addition to price, into account:

a. any preferences provided by law to Washington products and vendors;

b. the quality of the materials, supplies, and equipment to the City's specifications;

c. the conformity of the materials, supplies, and equipment to the City's specifications;

d. the purposes for which the materials, supplies, or equipment are required;

e. the times for delivery of the materials, supplies, or equipment;

f. the character, integrity, reputation, judgment, experience, and efficiency of the bidder; and

g. such other information as may have a bearing on the decision to purchase the materials, supplies, or equipment.

13.3 Award. The City Manager shall review the quotations and the recommendation by city staff and award the contract to the lowest responsible bidder. A written record of each vendor's quotations shall be made open to public inspection or telephone inquiry after the award of the contract. Any contract awarded under this subsection need not be advertised.

13.4 Public Notification. A list of all contracts awarded under these procedures shall be posted at the City of Woodinville main administrative offices once every two months. The list shall contain the name of the vendor awarded the contract, the amount of the contract, a brief description of the items purchased, and the date it was awarded.

IV. Special Requirements: Purchase of Services other than Architecture and Engineering.

1. Purchase of services require approval of the City Manager, but are not required to seek competitive bids, except for provision of an official newspaper which must be called for annually (RCW 35.23.352(7)).

2. Purchase of services, which do not exceed $500, require a requisition approved by the Department Director and approved by the City Manager.

3. Purchases of services between $500 and $2,500 require a requisition approved by the City Manager and a contract signed by the Department Director.

4. Purchase of services between $2,500 and $20,000 require a requisition approved by the City Manager and a contract, signed by the City Manager.

5. Purchase of services which exceed $20,000, require a requisition approved by the City Manager and a contract approved by the City Council.

6. Contracts for services should not exceed two years except for on-going services that are not task-specific may exceed two years but tasks, when identified, will be individually approved by the Department Director and authorized by the City Manager.

7. On-going contracts for services may be renewed in one-year increments, provided that there is a review of the contract form and requirements, the fee schedule remains competitive and the quality of services remains competitive. A new contract will be required after five years.

V. Special Requirements for Architecture and Engineering Services

1. All agreements for architecture and engineering services require approval of the City Manager, but are not required to seek competitive bids. The city must follow the procedures set out in chapter 39.80 RCW when contracting for architectural and engineering services

2. All professional architecture and engineering services, except those performed under an interlocal agency agreement require a requisition and a contract.

3. Architecture and engineering services less than $20,000 require a requisition approved by the City Manager and a Professional Services Agreement.

4. Architecture and engineering services, which exceed $20,000, require a requisition approved by the City Manager and a Professional Services Agreements approved by the City Council.

5. Architecture and engineering services performed pursuant to an interlocal agreement do not require a separate contract (RCW 39.34). Requests for discretionary services, which exceed $500, must be executed by the Department Director.

6. Procurement of architecture and engineering services shall be in accordance with RCW 39.80.010-060. The statute requires advance publication of the requirement for architecture and engineering services (RCW 39.80.030). This requirement may be met by reviewing the Statement of Qualifications (SOQ) submitted by firms in response to the City's annual publication, or by requesting proposals (RFP) from qualified firms.

   6.1 A department needing architecture or engineering services shall evaluate the SOQ's and/or RFP's and shall conduct discussions with one or more firms regarding the project.

   6.2 The department shall establish selection criteria, and based on the criteria select the firm "most highly qualified" to provide the service. After the most qualified firm has been chosen, the department may negotiate a contract for the service at a price which the department determines is fair and reasonable, considering the estimated value of the services, as well as the scope and complexity of the project (RCW 39.80.040).

   6.3 If a satisfactory contract cannot be negotiated, the department shall formally terminate the negotiations with that firm and attempt to negotiate a contract with the next most qualified firm (RCW 39.80.050).

   6.4 If the department chooses to negotiate with only one firm off the SOQ list, a memo outlining the selection criteria and reasons for only considering one firm shall be forwarded to the City Manager and placed in the project file.

7. If the City declares an emergency, the requirements of Chapter 39.80 RCW may be waived.