

**RESOLUTION NO. 459**

**A RESOLUTION OF THE WOODINVILLE CITY COUNCIL, ADOPTING PURCHASING POLICIES.**

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**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 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, HEREBY RESOLVES AS FOLLOWS:**

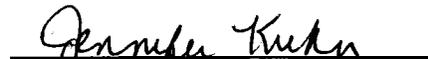
**Section 1.** The City hereby adopts the policies (Attachment A) as the Purchasing Policies of the City of Woodinville, which replaces and supersedes all previously adopted purchasing polices.

**RESOLVED this 16<sup>th</sup> day of June 2015.**



**BERNARD W. TALMAS, MAYOR**

**ATTEST/AUTHENTICATED:**

  
**JENNIFER KUHN**  
**CITY CLERK/CMC**

	<p style="text-align: center;"><u><b>FINANCE</b></u></p> <p><b>Policy Number: 5.01</b></p> <p><b>Policy Title: Purchasing Policies</b></p> <p><b>Effective Date: September 14, 2001</b>  <b>Revised: June 2, 2003 (Resolution No. 253)</b>  <b>Revised: April 5, 2004 (Resolution No. 270)</b>  <b>Revised: March 21, 2005 (Resolution No. 292)</b>  <b>Revised: October 2, 2007 (Resolution No. 344)</b>  <b>Revised: June 16, 2015 (Resolution No. 459)</b></p>
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### **I. General Requirements**

1. Department directors shall assure that appropriations are sufficient to acquire 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 \$2,000, 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 that exceed \$2,000 per order, 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 shall have the approval of all participating departments.
6. With the approval of the City Manager, credit card or credit line purchases over \$2,000 from select vendors may be made without a purchase order. The receipts for the purchases must be submitted to the Finance Department as prescribed by the City's credit card policy.
7. With prior approval of the department head, an employee may personally pay for an approved purchase, and be reimbursed through an expense voucher.
8. 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.
9. The Finance Department shall review the purchase orders of major purchases for reasonableness. Questions about the purchase may be directed to the department head or City Manager. The City Manager may choose to take any proposed purchase for goods or services to Council for discussion and/or approval pursuant to RCW 35A.13.080.
10. 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. 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 must be approved by the City Council by an amending Ordinance.

11. A Petty Cash fund shall be established for the control and use of petty cash for minor purchases for the city.
12. Prior to purchasing technology related equipment or services, the IT Manager must review and make recommendations for the purchase. Technology related equipment or services are defined but not limited to:
  - Cloud, hosted and/or hybrid services.
  - Anything that will connect to the City IT infrastructure (wired network, wireless network, servers, desktops, laptops, tablets, smartphones) or extend the City's IT infrastructure to the cloud, hosted and/or hybrid services.
  - Potentially impact wired and/or wireless network and internet bandwidth.
  - Potentially impact email flow, email delivery, email addresses and domain validity.
13. All interlocal agreements must be approved by the City Council.

Sole Source Purchases

14. Competitive bidding requirements may be waived by the governing body of the municipality for:
  - Purchases that are clearly and legitimately limited to a single source of supply;
  - purchases involving special facilities or market conditions;
  - purchases in the event of an emergency;
  - purchases of insurance or bonds; or
  - Public Works in the event of an emergency.
- 14.1. 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.
- 14.2. 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.
- 14.3. 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****Approval Authority – Public Works Projects**

Amount	Approval Authority
\$0 to \$35,000	City Manager
> 35,000	City Council

**Bid Requirements – Public Works Projects**

Amount	Purchase Type	Bid Requirements
\$0 to \$35,000	Public Works Project	Small Works Roster – minimum three quotes
> \$35,000 to \$149,999	Public Works Project	Small Works Roster – invitations to bid from at least 5 contractors
> \$150,000 to \$300,000	Public Works Project	Small Works Roster – invitations to bid from at least 5 contractors and notice sent to remaining contractors
>\$300,001	Public Works Project	Competitive bids

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:
  - \$65,000 - for projects requiring multiple crafts or trades.
  - \$40,000 - for single craft projects or those involving signalization or street lighting.
4. Projects, which exceed \$35,000, require Council to award the contract. Change orders and amendments that are within Council-approved construction contingency limits maybe approved by the City Manager, but in no event shall they exceed the Council-approved construction contingency amount without City Council approval.
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:
  - The criteria established in RCW 39.04.350 for responsible bidders;
  - The ability, capacity, and skill of the bidder to perform the contract;
  - Whether the bidder can perform the contract within the time specified by the City of Woodinville;
  - The quality of the bidder's performance of previous contracts or services;
  - The previous and existing compliance by the bidder with laws relating to the contract or services.
6. Award. The City Manager shall have the authority to award public works contracts under \$35,000. The City Council shall award all public works contracts over \$35,000. The City Manager or his designee shall present all quotations/bids for projects over \$35,000 and recommend to the City Council the lowest responsible bidder for award of the contract.

7. Interlocal Agreements. Projects performed pursuant to an interlocal agreement are exempt from bidding requirements and do not require a separate contract<sup>1</sup>, 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. 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 Three Hundred Thousand Dollars (\$300,000), 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. Alternatively, the City may use a roster services such as the MRSC Roster in lieu of maintaining its own rosters. 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.
  - 8.4. 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.

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<sup>1</sup> RCW 39.34

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 39.04.010, 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 fifty thousand dollars (\$150,000) to three hundred thousand dollars (\$300,000), 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:
  - Publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
  - mailing a notice to these contractors; or
  - 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 will be 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 39.04.010. 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

#### Approval Authority – Supplies, Materials and Equipment for Public Works

Amount	Approval Authority	Requisition Needed?
\$0 to \$1,000	Authorized employees	No
> \$1,000 to \$2,000	Department Director	No
> \$2,000 to \$15,000	Department and Finance Directors	Yes
> \$15,000 to \$35,000	City Manager	Yes
> \$35,000	Council	Yes

#### Bid Requirements – Supplies, Materials and Equipment for Public Works

Amount	Purchase Type	Bid Requirements
\$0 to \$2,000	Supplies Materials, & Equipment	No quote needed
> \$2,000 to \$7,500	Supplies Materials, & Equipment	Minimum three quotes
> \$7,500 to \$15,000	Supplies Materials, & Equipment	Competitively bid or use of Vendor List – three quotes needed
> \$15,000	Supplies Materials, & Equipment	Competitively bid
<b>Alternatives:</b>		
> \$7,500 to \$200,000	Supplies Materials, & Equipment	State contract via DES
> \$7,500	Telecommunication and data processing (computer) equipment	Competitive negotiation

1. The City of Woodinville will attempt to obtain the lowest practical price for such goods and services.
2. Approval by the department director or their designee, shall be obtained for purchases exceeding \$1,000.
3. Purchases of supplies, materials and equipment, which do not exceed \$1,000, may be made by authorized employees as designated by the department head.
4. Purchases between \$2,000 and \$7,500 require a minimum of three quotes, unless items are from a sole source<sup>2</sup> vendor, or the vendor has a contract with the Department of Enterprise Services<sup>3</sup>. Approval of the department director, and a properly executed requisition approved by the Finance Director or their designee is required.
  - 4.1. 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:
    - 4.1.1. 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;
    - 4.1.2. 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;

<sup>2</sup> RCW 35.23.352(9)

<sup>3</sup> RCW 39.34.030

- 4.1.3. 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;
  - 4.1.4. 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;
  - 4.1.5. The City of Woodinville representative shall present to the department director and Finance Director all telephone quotations and a recommendation for award of the contract to the lowest responsible bidder.
5. Purchases, between \$7,500 and \$15,000 require a competitive bid unless a vendor list is used<sup>4</sup>. If a vendor list is used, a minimum of three quotes and a requisition approved by the department director is required. Telecommunication and data processing (computer) equipment may, pursuant to RCW 39.04.270, follow a "competitive negotiation" process as an alternative to the bid process.
- 5.1. Vendor List Procedures. 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:
- 5.1.1. The vendor list shall consist of all responsible vendors who have requested to be on the list(s). Alternatively, the City may use a roster service such as the MRSC Roster in lieu of maintaining its own vendor list. An interlocal contract or agreement between the City of Woodinville and other local governments establishing a vendor list to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the vendor list provisions.
  - 5.1.2. Publication of Notice. If the City uses a vendor list, at least twice a year, the City 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.
  - 5.1.3. Telephone Quotations. The City of Woodinville shall use the process outlined above to obtain telephone quotations from vendors for the purchase of materials, supplies, or equipment.
  - 5.1.4. 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 shall determine the lowest responsible bidder in accordance with the criteria established in RCW 39.26.160.
  - 5.1.5. Award. The department director 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 quotation shall be made open to public inspection or telephone inquiry after the award of the

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<sup>4</sup> RCW 39.04.190

contract. Any contract awarded under this subsection need not be advertised.

- 5.1.6. Change orders. If change orders and/or amendments cause the total to exceed \$15,000, the change order and/or amendment must be approved by the City Manager.
6. Purchases of materials, supplies, and equipment, which exceed \$15,000, must be bid competitively per RCW 35.23.352. The purchase must be approved by the City Manager. If change orders and/or amendments cause the accumulated total to exceed \$35,000, the change order and/or amendment must be approved by the City Council.
7. Purchases, which exceed \$35,000, require Council to award bid.
  - 7.1. Once Council has approved a purchase, change orders and/or amendments to that purchase require approvals using the following thresholds:
    - Accumulated change orders and/or amendments up to \$15,000 must be approved by the department director.
    - Accumulated change orders and/or amendments from \$15,000 to \$35,000 must be approved by the City Manager.
    - Accumulated change orders and/or amendments that exceed \$35,000 must be approved by the City Council.
- Once Council has approved a change order and/or amendment, the above cycle of approval thresholds starts over.
8. 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 if purchased from vendors under contract with the Department of Enterprise Services or through other cooperative purchasing agreements such as KCDA and the cost does not exceed \$200,000<sup>5</sup>.
9. Lease with an Option to Purchase: Competitive bidding is not required if the estimated cost does not exceed \$7,500 subject to debt limits<sup>6</sup>.
10. The Finance Department issues open purchase orders on a periodic basis. Such purchase orders must specify the valid length of time, the single purchase limit, and cumulative amount.

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<sup>5</sup> RCW 39.34

<sup>6</sup> RCW 35.42.210

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

##### **Approval Authority – Services other than Architecture and Engineering**

<b>Amount</b>	<b>Approval Authority</b>	<b>Requisition and Contract Needed?</b>
\$0 to \$1,000	Authorized employees	No
> \$1,000 to \$2,000	Department Director	No
> \$2,000 to \$15,000	Department and Finance Director	Yes
> \$15,000 to \$35,000	City Manager	Yes
> \$35,000	City Council	Yes

##### **Bid Requirements – Services other than Architecture and Engineering**

<b>Amount</b>	<b>Purchase Type</b>	<b>Bid Requirements</b>
>\$0	Service	Not required to seek competitive bids.

1. Purchase of services may 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<sup>7</sup>.
2. Approval by the department director or their designee and a contract shall be obtained for purchases which exceed \$1,000.
3. Purchases of services, which do not exceed \$1,000, may be made by authorized employees as designated by the department head.
4. Purchases between \$2,000 and \$15,000 require a properly executed contract approved by the department director, and a properly executed requisition approved by the Finance Director or her/his designee. If change orders and/or amendments cause the purchased service contract to exceed \$15,000, the change order and/or amendment must be approved by the City Manager.
5. Purchase of services over \$15,000 require a requisition approved by the Finance Director and a contract signed by the City Manager. If change orders and/or amendments cause the purchased services to exceed \$35,000, the change order and/or amendment must be approved by the City Council.
6. Purchase of services which exceed \$35,000, require contract approved by the City Council.
  - 6.1. Once Council has given approval, any additional change orders and/or amendments require approvals using the following thresholds:
    - Accumulated change orders and/or amendments up to \$15,000 must be approved by the department director.
    - Accumulated change orders and/or amendments from \$15,000 to \$35,000 must be approved by the City Manager.
    - Accumulated change orders and/or amendments that exceed \$35,000, must be approved by the City Council.

Once Council has approved a change order and/or amendment, the above cycle of approval thresholds starts over.

<sup>7</sup> RCW 35.23.352(7)

7. Contracts for services should not exceed two years, but may be renewed in up to two-year increments. The total length of the contract may not exceed six years. Before renewing the contract there must be a review of the:

- Contract form and requirements.
- Fee schedule ensuring that it remains competitive.
- Quality of service ensuring that it remains competitive.

**V. Special Requirements for Architecture and Engineering Services****Approval Authority – Architecture and Engineering Services**

Amount	Approval Authority	Requisition and Contract Needed?
\$0 to \$1,000	Authorized employees	Yes – unless performed under an interlocal agency agreement
> \$1,000 to \$2,000	Department Director	
> \$2,000 to \$15,000	Department and Finance Director	
> \$15,000 to \$35,000	City Manager	
> \$35,000	City Council	

**Bid Requirements – Architecture and Engineering Services**

Amount	Bid Requirements
All	Request for proposals or statement of qualifications, selection based on pre-determined criteria and negotiated price for services

1. All agreements for architecture and engineering services must follow the procedures set forth in chapter 39.80 RCW and are subject to the same approval requirements in IV. *Special Requirements: Purchase of Services other than Architecture and Engineering*.
2. All professional architecture and engineering services, except those performed under an interlocal agency agreement, require a requisition and a contract.
3. 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<sup>8</sup>. 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.
  - 3.1. 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.
  - 3.2. 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<sup>9</sup>.
  - 3.3. 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<sup>10</sup>.
  - 3.4. 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.
4. If the City declares an emergency, the requirements of Chapter 39.80 RCW may be waived.

<sup>8</sup> RCW 39.80.030<sup>9</sup> RCW 39.80.040<sup>10</sup> RCW 39.80.050