

Purchasing Policies and Procedures Manual

PURCHASING MATRIX – BID LIMITS & SIGNING AUTHORIZATION

(Always include applicable sales tax when determining dollar amounts)

Purchase of Goods & Equipment	Bidding Process	Contract and Payment Requirements	Authorization
Under \$500	No requirement	Payment off signed invoice (or use purchase card if within limits) No contract required Employee personal reimbursement if approved by supervisor W-9	Department head or designee
\$500-\$7,500	No requirement, but three estimates recommended May use MRSC Vendor Roster, State contract, or interlocal agreement Select lowest qualified vendor	Payment off signed invoice (or use purchase card if within in limits) W-9	Department head or designee
\$7,501-\$25,000	Obtain three telephone and/or written quotations or use formal bidding May use MRSC Vendor Roster, State contract, or interlocal agreement Select lowest qualified vendor	Purchase order if >\$10,000 Requisition form & signed invoice W-9	Department head (if within budget appropriations)
\$25,001 \$75,000	<u>Must</u> either: formally bid, use State contract, or interlocal agreement Select lowest qualified vendor	Purchase order Requisition form & signed invoice W-9	City Manager (if within budget appropriations)
\$75,001 or more	<u>Must</u> either: formally bid, use State contract, or interlocal agreement Select lowest qualified vendor	Purchase order Requisition form & signed invoice W-9	Council approval ¹ Contract and/or invoice signed by City Manager

Public Works Projects	Bidding Process	Contract and Payment Requirements	Authorization
\$25,000 or less	<p>Required to have three estimates</p> <p>May use MRSC Small Works Roster</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage (<i>Contractor may use Combined Intent/Affidavit Form for projects \$2,500 or less</i>)</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager, department head, or designee</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager, department head, or designee</p>	Department head or designee
<p>Less than \$75,000</p> <p><u>Limited</u> Small Public Works process</p>	<p>Obtain estimates from at least <u>three</u> contractors on MRSC Small Works Roster²</p> <p>Award to lowest qualified contractor</p> <p>Alternatively, may use formal bidding or day labor (City staff)</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager</p> <p>Performance and payment bonds, unless waived in advertisement by City Manager</p> <p>Contractor may choose to have 10% retainage held instead of providing performance and payment bonds</p> <p>Purchase order (encumbrance) if >\$10,000, except capital projects</p>	<p>City Manager for less than \$75,000³</p> <p>Contracts over these limits require Council approval</p> <p>Contract signed by City Manager</p>
<p>\$350,000 or less</p> <p>Small Public Works Roster process</p>	<p>Obtain estimates from at least <u>five</u> contractors on MRSC Small Works Roster</p> <p>All contractors in applicable roster category</p>	<p>Small public works contract</p> <p>Insurance</p> <p>W-9</p>	<p>Council approval (see above)</p> <p>Contract signed by City Manager</p>

	<p><u>must</u> be given opportunity to submit estimate before any contractor can be solicited again</p> <p><i>If project total is between \$250,000-\$350,000, <u>all</u> contractors in applicable category must be notified that project is being bid</i></p> <p>Recommend bid deposits for projects >\$40,000</p> <p>Alternatively, may use formal bidding or may use day labor (City staff) for single trade projects \$75,500 or less and multiple trade projects \$116,155 or less</p> <p>Award to lowest qualified contractor</p>	<p>Prevailing wage</p> <p>5% retainage or retainage bond, unless waived in advertisement by City Manager ⁴</p> <p>Performance and payment bonds</p> <p>Contractor may choose to have 10% retainage held instead of providing performance and payment bonds for projects \$150,000 or less</p> <p>Purchase order (encumbrance), except for capital projects approved in CIP</p>	
Projects over \$350,000	<p><u>Must</u> use publicly advertised formal bid process</p> <p>5% bid deposit required</p>	<p>Public works contract</p> <p>Insurance</p> <p>W-9</p> <p>Prevailing wage ⁵</p> <p>5% retainage or retainage bond ⁴</p> <p>Performance & payment bonds</p> <p>Purchase order [except Capital Projects approved in CIP]</p>	<p>Council approval</p> <p>Contract signed by City Manager⁷</p>
Services [not including Architecture & Engineering]	Bidding Process	Contract and Payment Requirements	Authorization
Under \$5,000	<p>No requirement, but three estimates recommended</p> <p>Check requirements if using federal funding</p>	<p>No contract required</p> <p>Payment off signed invoice</p> <p>W-9</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>Department head or designee</p>

<p>\$5,000-\$9,999</p>	<p>No requirement, but recommend <u>at least three</u> estimates from firms on the MRSC Consultant Roster</p> <p>Request price quotes, schedule, qualifications</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance) if requested</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>Department head or designee</p>
<p>\$10,000-\$19,999</p>	<p>Request proposals or estimates from <u>at least three</u> firms on the MRSC Consultant Roster</p> <p>Request price quotes, schedule, and qualifications</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance)</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>City Manager ⁶</p>
<p>\$20,000 - \$75,000</p>	<p>Formal, advertised <u>RFP or RFQ</u> process recommended</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance)</p> <p>Prevailing wages may be required for certain services (e.g., landscaping)</p>	<p>City Manager ⁶</p>
<p>\$75,000 or more</p>	<p>Formal, advertised <u>RFP or RFQ</u> process recommended</p> <p>Check requirements if using federal funding</p> <p>Contract with lowest qualified vendor</p>	<p>Professional services agreement</p> <p>Insurance</p> <p>W-9</p> <p>Purchase order (encumbrance)</p>	<p>Council approval ⁶</p> <p>Contract signed by City Manager</p>

		Prevailing wages may be required for certain services (e.g., landscaping)	
Architecture, Engineering, Landscape Architecture, & Surveying	Bidding Process	Contract and Payment Requirements	Authorization
Any dollar amount	<p>Must publish need for services in advance</p> <p>May use MRSC Consultant Roster</p> <p>Firms submit statement of qualifications</p> <p>Award based on qualifications, not price</p> <p><i>Some A/E contractor funding agencies may require their own contract and/or contract language placed into the city contract. Verify with funding agency.</i></p>	<p>Professional services agreement</p> <p>Insurance, including professional liability</p> <p>W-9</p> <p>Purchase Order if > \$10,000</p>	<p>City Manager if less than \$75,000</p> <p>\$75,001 or more requires Council approval</p>

¹ The City Manager may sign contracts for purchase of goods greater than \$75,000 if they specifically implement the annual budget and result from the aggregation of approved budgetary programs and services for the current year (PTMC 3.46.110(A)(1)).

² For projects under \$50,000, you may use the Limited Small Public Works process, which requires estimates from at least three contractors on the roster.

³ The City Manager may sign public works contracts up to \$75,000 for multiple trades if the contract is time-sensitive and a delay in bringing the matter before Council would cost the City time and money.

⁴ Retainage is not required for federally funded transportation projects through the Federal Highway Administration. Check grant documents for specific requirements. If the local government waives retainage, they assume liability of contract non-payments but do retain the right of recovery from the contractor.

⁵ Federally funded or assisted public works projects over \$2,000 require payment of Davis-Bacon wage rates determined by the U.S. Department of Labor.

⁶ The City Manager may sign professional services contracts, including architectural, engineering, legal, or consulting services, up to \$75,000 if the contract is time-sensitive and delay in bringing the matter before Council would cost the City time and money.

⁷ Once a contract has been awarded the City Manager may sign invoices that exceed \$75,000 as long as the total cost of the project does not exceed the approved contract amount or where change orders do not exceed council authorized limits for City Manager purchase or contract authority.

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Sources

- [City of Port Townsend Municipal Code](#)
- [Washington State RCW's](#)
- [Municipal Research and Services Center](#)
- [The Bidding Book](#)

1.0 Introduction

1.1 Purpose of the Manual

The Purchasing Policies and Procedures Manual guides and assists City staff with basic procurement and contracting requirements as set forth in the City of Port Townsend Municipal Code (PTMC) Chapter 3.46 and Washington State statutes.

This manual establishes policy guidelines and clarifies the procedures for purchasing supplies and materials, public works construction, and contracting for services by the City of Port Townsend. The procedures set forth in subsequent sections of this manual are designed to assure the citizens, the City Council, and City administrative staff that the City is receiving maximum value for each tax and utility dollar expended and to ensure fiscal responsibility in the procurement process. All employees and City representatives must follow these policies and procedures.

All references to the Revised Code of Washington (RCW) and City Ordinances and Resolutions shall be incorporated as part of this manual, including all future amendments. In cases where these policies conflict with any City Ordinance or State or Federal Law or Regulations, the terms of that law or regulation prevail. In all other cases, these policies apply.

1.2 Contact Information

Name	Responsibility
Finance Director/Manager	Fiscal control, policy, & budget
Finance Director/Manager Finance – Accountant/Finance Specialist	Grants & capital improvement program
City Attorney/Legal Asst.	Contracts and bidding process
Finance Technician III	Accounts payable & vendors; ordinary purchases of supplies, materials, maintenance, and equipment; surplus & disposition of assets; purchasing cards

1.3 Code of Ethics ([RCW 42.23](#))

This section of the manual should be interpreted in tandem with the City of Port Townsend [Personnel Policy Manual](#) Chapter 2.1 (Code of Conduct) and [PTMC Chapter 2.80](#). Please also refer to [RCW 42.23](#) (Code of Ethics for Municipal Officers – Contract Interests). A municipal officer includes all elected officials, advisory board members, and City employees.

City employees are expected to represent the City in a professional and accountable manner that is courteous, helpful, and efficient. Employees shall conduct their public and private actions and financial dealings in a manner that shall present no conflict of interest between the public trust and their private interest.

Actions of City employees, when purchasing supplies and services, should be fair and impartial and not be used for personal gain or benefit. Public employment shall not be used for personal gain, and City employees may neither solicit, accept, nor agree to accept any compensation, gratuity, or reward for themselves, their families, or others that results in their personal gain or which may affect their impartiality in making decisions on the job. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples for general City use are examples of items that are not gratuities. Personal judgment should be used, and questions regarding particular situations should be referred to the employee’s supervisor or department head.

Personal gifts or gratuities that might influence or give the appearance of influencing purchases of goods or services must be declined.

Employees may not willfully circumvent purchasing and procurement policies and procedures to enter into contracts or purchase goods and services. Any contract made in violation of this policy manual, City code, or State statutes will be considered null and void, and the employee or officer may be subject to discipline or dismissal. Willful disregard of these policies and statutes when purchasing goods and services may also be subject to discipline and/or dismissal from service. Please see [PTMC 2.80.060](#) (Penalties) for reference.

1.4 Conflict of Interest

No City staff or Council member may undertake consulting, professional practice, or other assignments that would result in a conflict of interest. Any

City employee or Council member who recommends or approves a purchase and has any financial interest in the firm involved in the purchase shall disclose his or her interest prior to recommending or approving the purchase.

No city staff or Council member may participate in the selection, award, or administration of a contract supported by a Federal award if they have a real or apparent conflict of interest. Such a conflict of interest would arise when the City employee or Council member, any member of their immediate family, their partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. Any willful violation will be subject to disciplinary action according to [PTMC 2.80.060](#).

1.5 Unauthorized Purchases

PURCHASES FOR PERSONAL USE ARE NOT ALLOWED. The person ordering the unauthorized and unjustified purchase is personally liable for the costs of the purchase or contract and may be subject to disciplinary action, up to and including termination of employment. If the purchase was made without proper authorization but is in fact a justified purchase, then the department head has the option to approve the purchase after the fact.

When representing the City through purchasing goods and services, employees are prohibited from doing the following:

- “Bid Splitting” – A capital (public work) project means a complete project. The project may not be split into units or classes of work to avoid the restriction on work that may be performed by day labor or other bid rules.
- Purchase breakup – Purchases that exceed authorization limits or exceed the quote requirements should not be split up to circumvent the purchasing policies and procedures.
- Purchasing alcohol or personal entertainment goods and services.
- Generating a purchase order. Only the Legal Department or Finance Department have the authority to generate a purchase order (encumbrance).
- Purchasing controlled commodities without prior approval including the following:
 - Cell phones, telephone equipment, pagers, etc.
 - Computers and related equipment, fax machines, printers, scanners, copiers, software, or systems

Speaking the Same Language

The following terms are often used interchangeably. We typically use these terms as described below:

Purchasing, Procurement

Purchasing is the act, function and responsibility for the acquisition of equipment, materials, supplies and services. The term describes the process of buying.

Procurement includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract and all phases of contract administration.

- Anything that IT staff is requested or required to install, connect, service, maintain, or support
- Anything purchased using Equipment Rental and Revolving Funds
- Using a City-issued purchase card for cash advances or professional services

1.6 Sustainable Purchasing

The City shall acquire its goods and services in a manner that complies with all federal, State, and City laws and other requirements (e.g., City resolutions).

Environmental factors to consider in selecting products include:

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs)
- Waste generation
- Greenhouse gas emissions
- Recycled content [recommend using 30% recycled paper]
- Energy consumption
- Depletion of natural resources
- Potential impact on human health and the environment

Social equity factors that should be considered include but are not limited to:

- Use of local businesses when allowable under bid rules
- Use of small, minority, and women-owned businesses
- Ergonomic and human health impacts

Fiscal factors to be considered include but are not limited to:

- Lowest total cost
- Leveraging our buying power
- Impact on staff time and labor
- Long-term financial/market changes
- Technological advances in a rapidly changing market

1.7 What This Manual Covers

The process of selecting vendors and managing contracts shall embody the value of stewardship of public resources by providing the greatest levels of both quality and value.

The goals are to ensure that the purchase process:

Speaking the Same Language

The following terms are often used interchangeably. We typically use these terms as described below:

Vendor, Contractor, and Consultant:

Vendor is typically used when referring to a supplier of goods, materials, or supplies.

Contractor is typically used when referring to a construction or maintenance company. Can also apply to an individual or business having a contract with the City.

Consultant is typically used when working on a Professional Service Contract. The term means a person with education and/or experience which uniquely qualifies them to perform some specialized services.

- **Practices ethical behavior and conduct:** Create purchasing processes that are fair, open, and at least cost of public funds.
- **Obtains value with public funds:** Purchase goods and services that are fiscally responsible, reduce resource consumption and waste, perform adequately, promote advantages to lessor advantaged segments of the community, and promote health and well-being.
- **Acts with integrity and ensures open and effective communication:** Be impartial in fact, as well as in appearance.

From Start to Finish...

Before any purchase is made, the following questions should be answered:

- **Define the need** – What kind of purchase is this?
- **Determine the cost** – How much will it cost?
- **Process** – How do I procure it?
- **Protecting the City** – How do we properly protect the City from liability?
- **Authority** – Who must approve it?
- **Contract administration** – What are my responsibilities?

1.8 Define the Need

The first question that should be answered is “What type of purchase is this?” The major categories of purchases include:

Public Works: [\(RCW 39.04.010\)](#)

Includes all work, construction, alteration, repair, or improvements other than ordinary maintenance executed at the cost of the City:

Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction.

Ordinary maintenance is generally considered to include work not performed by contract and performed on a regular basis to service, check, or replace items that are not broken. For purposes of prevailing wage

Speaking the Same Language

The following terms are often used interchangeably. We typically use these terms as described below:

Bid, Estimate/Quote, Proposal

Bid is an offer submitted by a contractor or vendor in response to an invitation to bid (ITB) or advertisement

Estimate or quote is a statement of prices, terms of sale, and description of goods or services offered by a vendor or contractor to the City. Commonly used in more informal solicitations.

Proposal is the document submitted by the offeror in response to an RFP/RFQ. Proposals allow contract award based on factors other than cost and may result in negotiations.

requirements, public works includes ordinary maintenance when performed by contract. See Section 3.2.

Materials, Supplies, and Equipment:

Materials, supplies, and equipment are considered tangible items, which are manufactured and are moveable at the time of purchase. It is important to distinguish materials, supplies, and equipment used in public works contracts from those in non-public works contracts, as different bidding requirements apply to each.

Examples: office supplies, off-the-shelf software, hardware, trucks, copy machines, auto parts, gravel, janitorial supplies, food, and beverages.

Services:

Distinguishing between services and public works is important, as services have different bidding requirements. Services require the labor, time, or effort of a human being and can include intellectual or physical work.

Examples: accountants, attorneys, elevator maintenance, instructors, technology consulting, engineers, and land surveyors.

1.9 Determine the Cost

Once the need has been defined, the estimated cost of the goods or services will generally determine what competitive selection process you follow. Estimated project costs for competitive bidding purposes must include:

- All construction-related work (except for engineering or architectural design fees)
- All phases of the project
- Any permitting costs of the project
- All labor and materials required for the project
- All applicable sales and use taxes

The cost estimate should not include donated materials, labor, supplies, etc.

1.10 Determine Contract Value

Contract value refers to the total aggregate value of the contract, including potential renewal periods. Examples of contract value are as follows:

- Example #1: A three-year contract for \$40,000 per year is considered a \$120,000 contract.
- Example #2: A one-year, \$8,000 professional services contract is renewed for an additional year at \$8,000. The aggregate value of

Acronyms

SOQ – Statement of Qualifications

RFQ – Request for Qualifications

RFP – Request for Proposal

ITB – Invitation to Bid (Formal Bid)

ITQ – Invitation to Quote (Small Works)

MWDBE – Minority, Women, and Disadvantaged Business Enterprise

CIP – Capital Improvement Plan

the contract becomes \$16,000, which requires City Council approval.

1.11 Exemptions to the Competitive Bidding Process

Exemptions to this policy must be approved in writing by the City Manager when within his or her signing authority; otherwise, exemptions shall be approved by City Council. Exemptions should make good business sense and be in the best interest of the City. In all cases, it is the City’s responsibility to conduct a good faith review of all available providers.

Exemptions to competitive bidding requirements as provided in [RCW 39.04.280\(1\)](#) and [PTMC 3.46.090](#):

Type	Examples and Notes
Sole source	<ul style="list-style-type: none"> Licensed or patented goods or services Specialized items that are compatible with existing equipment or systems (i.e. water treatment plant filters) Meets City standards (i.e. meters) Factory-authorized warranty services Meets a specialized need of the City
Purchases involving special facilities or market conditions	<ul style="list-style-type: none"> Items of special design, shape, or manufacture that match or fit existing equipment, inventory, systems, programs, or services Items offered at highly favorable price that will be sold before City can follow bidding process
Auctions, closeout, & bankruptcy sales	<ul style="list-style-type: none"> Only when items can be purchased below market cost
Emergency purchases or public works	<ul style="list-style-type: none"> See Section 1.12
Purchases of insurance or bonds	<ul style="list-style-type: none"> Competitive bidding is not required for insurance or bond purchases
Real property	<ul style="list-style-type: none"> The City Manager, upon approval by City Council, may proceed to acquire real property through negotiation Negotiations must be based upon an independent appraisal of the property The City will not pay more than market value If purchased with federal funds, the acquisition shall comply with the Uniform Real Property Acquisition and Relocation Assistance Act of 1970, as amended
Surplus property (RCW 39.33.010)	<ul style="list-style-type: none"> The City may by agreement acquire, sell, or exchange surplus property to or from another government without the use of bids

Tips & FAQs

Q: *The garage door at Public Works is stuck closed. The door must be fixed immediately. What do we do?*

A: Although this is an urgent need, it does not present a real, immediate threat to life or property, so regular contracting processes must be followed. The Legal Department can assist with developing a contract quickly once a contractor has been chosen.

Q: *Our City water tank has been badly damaged and water pressure is threatened. Is this an emergency?*

A: This is not a natural disaster, but does “present a real, immediate threat” and makes competitive bidding impractical. This would be treated as a declared emergency. Follow the declared emergency process.

Note: Emergencies involving FEMA reimbursements or work in critical areas may have different or additional requirements. Please contact the City Attorney or Finance Department for assistance with either emergency.

Interlocal agreements (Piggybacking) (RCW 39.34.030)	<ul style="list-style-type: none">• See Section 2.4
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Exemption Process:

Complete a written request to the City Manager or City Council (depending on signing authority) explaining why this option is the only option, makes good business sense, and is in the best interest of the City. Explain what features, knowledge, or qualifications the vendor can provide that are not available from other sources. Outline steps taken to verify that this is the only vendor available, which could include:

- (1) internet search
- (2) calls to vendors or contractors on MRSC rosters
- (3) advertisement in paper with a “Notice of Intent to Contract”
- (4) advice from expert consultant in service area

This request should be signed by the requestor. Use the ***Sole Source Justification Form*** if applicable.

1.12 Declared Emergency

For purposes of this section “emergency” means unforeseen circumstances beyond the control of the City that either: (a) present a real, immediate threat to the proper performance of essential functions, or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Competitive bidding may be waived subject to the following process:

1. Staff (usually a department head) identifies an urgent need and requests that the City Manager declare an emergency.
2. Upon approval from the City Manager, the department authorizes work and/or equipment procurement required to address the emergency.
3. Department drafts a memorandum explaining the basis for the emergency and the selection of the particular vendor. This memorandum should be included in the contract file.
4. Request that the Legal Department draft a contract.
5. Department schedules the contract award on next City Council agenda. City Attorney and department head prepare materials necessary to ratify the emergency declaration finding.

Tips & FAQs

Tax revenue from purchases:

The City may factor in tax revenues generated by a purchase of supplies, materials, and equipment, including those from local sales tax or from gross receipts business and occupation tax. If these tax revenues are considered, the City must consider the taxes it would receive from suppliers located both within and without its boundaries (RCW 39.30.040).

Preference for recycled products:

The City may allow for preferential purchase of products made from recycled materials or products that may be recycled or reused (RCW 39.30.040).

2.0 New Procurement

2.1 Initiate a New Procurement

The City makes many small and large purchases over the course of the year and must comply with State and local laws for each type of procurement, based on type of work, dollar limits, and level of risk involved.

See the matrix at the beginning of this manual for a summary of the types of new procurements typically performed at the City of Port Townsend. City staff may also initiate new procurements through purchasing card purchases (see Section 6.0) and by requesting reimbursement for purchases made with the employee's personal funds. It is recommended that employees use a purchasing card for small purchases whenever practicable and allowed by City policy.

2.2 Purchases of Goods, Supplies, & Equipment

2.2 (a) SMALL Purchases of Goods, Supplies, & Equipment (\$7,500 or less)

Small purchases of goods, supplies, materials, and equipment **\$7,500 or less** can be made using one of the following processes:

Process	Dollar Limit	Allowed Uses	Non-Allowed Uses
<p>Purchasing Card (see Section 6.0)</p> <p><i>It is strongly recommended you use a City purchasing card vs. personal credit card</i></p> <p><i>All receipts must be retained and turned into supervisor for approval.</i></p>	<p>Contact Finance if you need to know your limits.</p> <p>Sample limits: \$500 single purchase; \$1500 monthly billing cycle limit</p> <p><i>Exceptions may be made with the Finance Director's approval</i></p>	<p>Business-related purchases of goods and services (i.e., subscriptions, seminars, meeting supplies, maintenance, repair, operations, office supplies, computer peripherals, software subscriptions)</p>	<p>Alcohol, capital equipment, cash advances, consulting services, personal items, professional services, meals while traveling</p>

Tips & FAQs

When purchasing telecommunications and data processing (computer) equipment or software, the City may follow a “competitive negotiation” process as an alternative to the bid process (RCW 39.04.270). This process requires, at a minimum:

- A request for proposals (RFP) published in the newspaper of general circulation at least 13 days before the submission deadline.
- The RFP identifies significant evaluation factors, including price, and their relative importance.
- The City provides reasonable procedures for technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
- The award must be made to the qualified bidder whose proposal is “most advantageous” to the City. The City may reject all proposals for good cause and request new proposals.

Personal/employee Reimbursement	Up to \$1,000 <i>Personal credit card use must be approved by dept. head.</i>	Incidentals such as postage, ferry tolls, parking fees, hotel fees, CDL license, etc.	Regular business-related goods and services
Vendor Invoice	\$7,500 <i>All invoices MUST be addressed and/or shipped to the City of Port Townsend and have an invoice number, date of purchase, and description of item purchased.</i>	Contracted supplies Goods at low risk and not otherwise covered under a contract or purchase order	Capital expenditures

Although there are no bidding requirements for goods purchases **between \$500 and \$7,500**, it is recommended that City staff obtain estimates from three vendors, preferably off the MRSC Vendor Roster. Staff may also use a State contract or interlocal agreement (“piggybacking”). The applicable department head or designee has invoice signing authority.

Purchases of goods **under \$500** do not require quotes, but staff may solicit estimates from the MRSC Vendor Roster or use a State contract or interlocal agreement (“piggybacking”). The applicable department head or designee has invoice signing authority.

All payments made by a check issued by the Finance Department require a W-9 from the vendor.

2.2 (b) INTERMEDIATE Purchases of Goods, Supplies, & Equipment (\$7,501-\$15,000)

Purchases of goods, supplies, materials, and equipment **from \$7,501 to \$15,000** should be made using a purchase order if over \$10,000 and a vendor invoice for payment. Purchases in this category could also be made using a State contract, interlocal agreement, or formal sealed bidding.

Employees may not use a purchase card or personal payment for reimbursement unless previously approved by their department head and within card limits.

When making purchases **from \$7,501 and \$15,000**, staff should obtain at least three telephone or written quotations from vendors on the MRSC

Vendor Roster. The applicable department head has invoice signing authority.

A purchase order or written agreement may be required. Check with the Finance Department for additional requirements.

All purchases in this category require a W-9 from the vendor.

2.2 (c) LARGE Purchases of Goods, Supplies, & Equipment (\$15,001 or more)

Per [RCW 35.23.352\(8\)](#), any purchase of material, supplies, and equipment with a cost **exceeding \$15,000** requires formal, competitive bidding or the use of a State contract or interlocal agreement.

Formal Bidding Process:

	Task	Action
1.	Identify grants or federal funds as applicable	Notify Accountant in Finance
2.	Prepare bid documents	Include: <ul style="list-style-type: none"> • Invitation to bid • Instructions and information for bidders • Bid proposal template • Bid bond template • Bidder’s statement of qualifications template • Sample contract • Insurance requirements Contact Legal Dept. to review prior to finalization of bid package
3.	Prepare product specifications	Considerations: warranties, delivery, liquidated damages
4.	Advertise, publish, and notify	Advertise in official newspaper Publish bid on Builder’s Exchange Email notification to recommended roster participants (if any)
5.	Addenda required?	Department to write addenda, notify plan holders, and post online
6.	Schedule & conduct bid opening	Department to schedule conference room and open and read sealed bids

7.	Bid Award	<p>Determine the lowest, responsible, responsive bidder</p> <p>Prepare Council agenda materials if \$30,000 or more</p> <p>Prepare purchase contract (or contact Legal Department if needed)</p> <p>Obtain vendor signature and forward to Legal Assistant</p> <p>Give Legal Assistant or Finance BARS code and request purchase order/encumbrance. Obtain W-9 for Accounts Payable</p> <p>Do not notify non-selected bidders about award until contract is fully signed</p>
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The City Manager has signing authority for purchases less than \$30,000. All purchases totaling \$30,000 or more require City Council approval. Consider the entire cost of the purchase for all years (for example, maintenance costs) involved when determining the approval level. Contact the Finance or Legal Department with questions on total contract value.

All purchases in this category require a W-9 from the vendor.

2.3 Food and Beverage Purchases

Generally, consuming food and beverages at public expense will be discouraged. The consumption of nourishment is ordinarily regarded as private and personal and not a public activity. (This includes light snacks.) In the occasion where food and beverages are approved for purchase, **in all circumstances the department head and/or the City Manager must pre-approve the purchase(s) and the department must have adopted budget appropriations.**

The following outlines circumstances when the City will provide for the consumption of food and beverages:

1. Meal reimbursements while in travel status. Please refer to the City of Port Townsend Personnel Policy Manual, Section 5.7 for meal per diem policies.
2. Light refreshments and/or meals may be purchased by the City when:

Tips & FAQs

Q: *My department is having a regular staff meeting. I want to treat my staff for a job well done. Can I use City funds to purchase pizza for my staff and serve it at our regular meeting?*

A: The quick answer is NO, if the meeting is scheduled during regular business hours at the place of business. Although the purpose of the meeting is to discuss City business, providing pizza is not an integral part of the meeting.

Some exceptions may be made. For example, if the Dept. Head has budgeted staff recognition in the annual budget and the appropriations were approved by City Council, then it would be appropriate to buy pizza for staff.

As noted in the first paragraph of Section 2.12, consuming food and beverages at public expense is discouraged.

- Employees or officials attend a special meeting, training, or similar circumstance where the purpose of the event is to discuss City business, **AND**
 - It provides benefit to the City, **AND**
 - The refreshments are an integral (necessary) part of the meeting or training session for the employee or official to receive the full benefit of the meeting and/or training. (e.g., a working breakfast, lunch, or dinner), **AND**
 - The meeting or training session takes place away from the employee or official's regular workplace, **AND**
 - Receipts for actual costs of the refreshments/meals are kept with documentation of who was in attendance and the purpose of the meeting or training session.
3. In emergency situations when a department head determines that employees or intergovernmental employees performing critical City functions must remain at their workplaces, providing refreshments/meals will be allowed if the department head pre-approves the purchase.
 4. Meals and/or refreshments for employee, official, volunteer, wellness, public, or occasional appreciation events when:
 - The City Manager and/or department head has approved the purchase(s) in advance and documentation of such is evident, **AND**
 - Receipts for actual costs are kept with documentation of who was in attendance and the purpose of the event, **AND**
 - The meal/refreshment purchases for the event is approved through budgeted appropriations.

Prohibited purchases of refreshments include the following circumstances and will not be reimbursed by the City:

1. Meals and/or refreshments that were not pre-approved by the department head and/or the City Manager.
2. Meals and/or refreshments that were not approved in budgeted appropriations.
3. Purchase of alcoholic beverages.

Tips & FAQs

Q: How do I find what contracts the State has available to use?

A: Visit the Department of Enterprise Services' website: <http://www.des.wa.gov/services/ContractingPurchasing/CurrentContracts/Pages/default.aspx>

Tip

Some vehicles and heavy equipment purchased through the State require a State PO prior to purchase.

Tip

State contracts typically have good pricing. However, keep in mind that they may not always be the lowest cost option. These contracts offer a good starting point in the quote process.

Tip

Advertising:

Advertising requirements are found in the following codes:

[RCW 39.80.030](#) – Architectural and Engineering Services

[RCW 35.23.352\(1\)](#) – Public Works

[RCW 39.04.155\(2\)\(a\)](#) – Public Works Small Works Roster

2.4 Piggybacking (State Contracts and Interlocal Purchasing Agreements)

State Contract Piggybacking Process

The City has signed a master contract with the Washington State Department of Enterprise Services (DES) to use the State's contracts for goods and services. When using a State contract, we are "piggybacking" off their competitive process, eliminating the need to perform our own. The City encourages the use of these contracts whenever possible.

	Task	Action
1.	Review State contract website for piggybacking requirements	Contact Finance Department with process questions
2.	Contact vendor to verify they will honor State contract pricing	Obtain details regarding all aspects of purchase, including invoicing, availability, delivery, etc.
3.	Contact Finance Dept.	Finance or Legal Asst. will develop a purchase order for the good/service if contract value > \$10,000 or otherwise required by the vendor
3.	Contact buyer to place order <i>It is highly recommended that all agreements to use the State pricing are documented in writing</i>	Place order and process invoice for payment. Provide Finance Department with BARS and State contract number for purchase order

State contracts include standard terms and conditions. When piggybacking off a State contract, all State contract terms and conditions apply. Contact the Legal Department if any contract terms do not suit the City's needs. Only certain particulars can be changed, such as quantity and delivery terms.

Interlocal Purchasing Agreements

The process described above for State contracts can also be used to purchase goods and services through other agencies' contracts. However, the following additional steps must be taken by City staff:

1. Read the other agency's contract carefully to confirm that it allows other agencies to use it.
2. Document that the purchase was made according to the other agency's bidding requirements and our bidding requirements. Contact the Legal Department for assistance. This is best done by

Tips & FAQs

Q: *What is a public work?*

A: According to the American Public Works Association, “public work” is the combination of physical assets, management practices, policies and personnel necessary for government to provide and sustain structures and services essential to the welfare and acceptable quality of life for its citizens. The projects are financed and constructed by and/or for the government.

Q: *What is ordinary maintenance?*

A: According to WAC 296-127-010(7)(b)(iii), ordinary maintenance is defined as work not performed by contract that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.

Q: *A contractor has requested a deposit or advance before starting work. Is this okay?*

A: The City can only pay for work that has been completed. We cannot advance a contractor funds to purchase materials for a public works project.

requesting and retaining copies of all bid documents from the other agency.

3. Confirm that the City has a current interlocal purchasing agreement with the agency before making the purchase.
4. If we do not have an agreement, contact the purchasing coordinator at the other agency to request one. Contact the Legal Department for assistance in processing the agreement.

Note: Be particularly careful about documentation when piggybacking off a contract from an out-of-state agency or a different type of agency (for example, a school district or port district). The authorization limits shown on the matrix at the beginning of this manual apply to purchases through State contracts and Interlocal Agreements.

2.5 Public Works

Bid Limit:

According to [RCW 35.23.352](#), a second-class city, such as Port Townsend, may construct a public work by contract or by day labor (City staff) without calling for bids when the estimated cost of the work will not exceed \$116,155 if more than one trade is involved or \$75,500 if a single trade is involved. When the cost of a public work exceeds these figures, the project should be done by contract through formal sealed bidding, except that the City may use the small works roster process for projects up to \$350,000.

Determining the Cost of a Public Work:

The total construction cost of each project must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. This estimate may be prepared by an outside third party; however, the final cost estimate must be validated by the City. The total construction cost (estimated as if the project were to be bid) should include materials, supplies, equipment, and labor for that project AND applicable sales and use taxes. However, the value of volunteer labor, donated materials, or donated equipment need not be included in the cost estimate for a public works project, as these are not a cost to the City.

For projects completed by any means other than a contract or small works roster process (for example, using City workers) having an estimated cost exceeding \$25,000, the City must publish a description of the project and its estimated cost in the official newspaper at least fifteen days before beginning work, as required by [RCW 39.04.020](#).

Tips & FAQs

Q: *The contractor I'm hiring doesn't want to use our contract form. Is this okay?*

A: You can forward a contractor-provided contract to the Legal Department for review; however, we prefer to use City forms whenever possible. In some cases, such as formally bid projects, we must use the contract form provided to bidders with the solicitation.

Developing Scope of Work:

Things to consider when developing your scope:

- Hold the contractor accountable.
- Be precise. Avoid ambiguity.
- Use the active voice (i.e., "The Contractor will or shall").
- Due dates & deliverables.

Other considerations when developing the contract:

- Term of contract or period of performance.
- Compensation and payment.
- Payment terms.

Duration of Contracts:

Every City contract should state the start and end dates. End dates for some public works contracts will be based off the Notice to Proceed date.

Bid Splitting:

[RCW 35.23.352\(1\)](#) prohibits the division of a project into units of work or classes of work to avoid the restriction on work that may be performed by day labor on a single project.

Small Works Roster:

When the estimated cost of a public works project is \$350,000 or less, the City may follow the small works roster process for construction of a public work or improvement as an alternative to the general competitive bidding requirements, in accordance with [RCW 39.04.155](#). The City of Port Townsend has contracted with the [Municipal Research and Services Center of Washington \(MRSC\)](#) for use of its statewide electronic database for small public works contractors, vendors, and consultants.

Publication:

At least once a year, on behalf of the City, MRSC publishes notice in local newspapers of the existence of the rosters and solicits the names of contractors for the rosters. Responsible contractors can be added to the appropriate MRSC roster(s) at any time that they submit a written request and necessary records. The City may require contracts to be signed when project awards are made using a small works roster.

2.6 Limited Small Works Process (Public Works Projects under \$50,000)

If a public work, construction, alteration, repair, or improvement project is estimated to cost **less than fifty thousand dollars (\$50,000)**, the City may use the limited public works process instead of formal, competitive bidding, as provided in [RCW 39.04.155\(3\)](#).

Process:

1. Develop a scope of work describing the nature of the work to be performed and materials and equipment to be furnished. Detailed plans and specifications need not be included in the invitation.
2. Solicit **at least three contractors** on the MRSC Small Works Roster for the applicable category or categories. Requests for estimates should include the date, time, and location to return the estimate. Notify contractors that:
 - a. they must pay prevailing wage;
 - b. the City must equitably distribute opportunities among contractors in the geographic area;
 - c. the City will require a performance bond and a payment bond, each for the total cost of the project; and

Tips & FAQs

Equitable Distribution:

“Equitably distribute” means that the City may not favor certain contractors on the roster over other contractors on the roster who perform similar services.

Projects \$250,000-\$350,000:

If the estimated cost of the work is \$250,000 to \$350,000, the City may choose to solicit estimates from less than all appropriate contractors on the roster but must notify the remaining contractors on the roster that estimates on the work are being sought. The City can choose to do this by:

Publishing notice in a legal newspaper in the 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 email.

Access to the Small Works Roster is available:
<http://www.mrscrosters.org/>

- d. the City will hold 5% retainage until releases are received from the State ([RCW 60.28.011](#)), unless waived by staff member with contract signing authority.

Note: The City staff member with contract signing authority may waive the bond and retainage requirements; however, contractors must be notified about this waiver in the request for estimates and/or advertisement for the project.

Note: If payment and performance bonds are required, the contractor may choose to have 10% retainage held instead of obtaining bonds.

3. Determine the lowest responsive, responsible bid.
4. Send the Legal Assistant copies of all estimates or a list of all contractors contacted and their bid amounts. *(We are required by law to maintain a list of contractors contacted under the limited public works process.)*
5. The Legal Assistant will make sure the contractor meets all bidder criteria and will draft a contract.
6. If project total is over staff signing authority, contact the City Clerk to schedule contract approval on an upcoming City Council agenda.
7. After Council approval, send the draft contract to the contractor along with a request for items identified by the Legal Assistant *(for example, W-9 and proof of insurance)*.

Note: All projects require a W-9 from the contractor.

Alternative to Process:

Local governments may waive retainage but must assume liability of contractors for non-payment. The local government has the right of recovery from the contractor.

2.7 Small Works Roster Process (Public Works Projects \$350,000 or less)

If a work, construction, alteration, repair, or improvement project is estimated to cost **\$350,000 or less**, the small public works process may be used instead of formal, competitive bidding, as allowed by [RCW 39.04.155\(1\)](#).

Process:

1. Develop a scope of work describing the nature of the work to be performed and materials and equipment to be furnished. Detailed plans need not be included in the invitation.

Tips & FAQs

Deadlines for estimates:

The statutory requirement of 13 days' advertising for a public works project in a formal bid process does not apply to small works roster or limited public works process; advertising is not required. However, depending on the complexity of the project, it is suggested that at least 7 to 14 days be allowed for contractors to submit a proposal, so they have adequate time to research the specifications

Contractor requirements for formal bidding at time bid is submitted:

- Bids must be sealed when submitted to City
- Bids should be labeled on the envelope with the bidder's name and project identification
- Bid must include a 5% deposit in the form of a cashier's check, postal money order, or surety bond
- Include all applicable taxes in bid amount
- Complete and sign bid proposal
- Meet all responsible bidder criteria in RCW 39.04.350
- Meet all supplemental bidder criteria, if any
- If project is \$1 million or more, provide a list of all subcontractors for HVAC, plumbing, and electrical work within one hour of bid opening (RCW 39.30.060)

Note: For projects totaling \$250,000-\$350,000, all contractors in the applicable category must be notified that the project is being bid, even if they are not invited to bid.

2. Contact **at least five contractors** on the MRSC Small Works Roster for the applicable category or categories. Requests for estimates should include the date, time, and location to return the estimate. Notify contractors that:
 - a. they must pay prevailing wage;
 - b. the City will require a payment bond and a performance bond, each for the total cost of the project; and
 - c. the City will hold 5% retainage until releases are received from the State ([RCW 60.28.011](#)).

Note: The City staff member with contract signing authority may waive retainage requirements; however, contractors must be notified about this waiver in the request for estimates and/or advertisement for the project.

Note: For projects totaling \$150,000 or less, the contractor may choose to have 10% retainage held instead of obtaining bonds.

Note: The city will retain the right of recovery from the contractor if retainage is waived.

3. Determine the lowest responsive, responsible bid.
4. Send the Legal Assistant or Engineering staff (for capital projects) the estimate for the lowest bid and expected project dates. (The City's "Small Works less than \$350,000 Documentation Form" may be used.)
5. The Legal Assistant or Engineering staff will make sure that the contractor meets all bidder criteria and will draft a contract.
6. Contact the City Clerk to schedule the contract approval for an upcoming City Council meeting.
7. Draft agenda bill and resolution, if applicable, and send to City Attorney for review.
8. After Council approval, send the draft contract to the contractor along with a request for items identified by the Legal Assistant or Engineering staff, such as proof of insurance and a W-9.

2.8 Formal, Competitive Bid Process (Required for Public Works Projects over \$350,000)

Formal, competitive bidding must be used for **all public works projects over \$350,000**; however, it may also be used for any projects below this threshold. Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable local governments to obtain

Tips & FAQs

Contractor requirements after selection as lowest bidder:

- Pay prevailing wage
- Obtain performance bond on City-issued form for 100% contract price
- Obtain payment bond on City-issued form for 100% contract price
- Provide proof of insurance and endorsement naming City as additional insured
- Have an Intent to Pay Prevailing Wage approved by L&I before the City will make any payments
- Have an Affidavit of Wages Paid approved by L&I before the City will make final payment.
- Pay all applicable taxes
- Provide all required information on the project to the Department of Labor & Industries, Employment Security Department, and Department of Revenue.

Tip

If a project uses federal highway funding, check the grant agreement carefully for all requirements. These projects require that the notice to bid be published at least 21 days before the bid deadline.

Tip

If federal funds are involved, all bid specifications and contracts shall include the Davis-Bacon Act.

the best work or supplies at the most reasonable prices. It is also designed to provide a fair forum for bidders and to protect the public interest.

Bidding process:

1. Coordinate with Accountant in Finance if using grant or federal funds.
2. Draft or work with consultant to draft bid package and send to City Attorney for review.
3. Draft a notice to bid, stating the nature of the work.
4. Notify bidders that bids must be sealed, and a 5% bid deposit is required, in the form of a cashier's check, postal money order, or surety bond.
5. Have the notice to bid published in the City's official newspaper (currently *The Leader*) at least 13 days prior to the date bids are due. Staff may choose to publish notice in additional newspapers, such as the *Daily Journal of Commerce*.
6. Post the bid on *Builder's Exchange*.
7. City Administration receives and date and time stamps sealed bids.
8. Hold a public bid opening after the bid deadline closes.
9. Identify the lowest responsive, responsible bidder.
Note: If the contract is not awarded to the lowest bidder, a full and complete statement of the reasons for selecting another bidder must be prepared, approved by the City Manager, and retained in the file. See [RCW 35.23.352\(2\)](#) or Section 2.15.
10. Notify the City Clerk to add approval of the project contract to an upcoming City Council agenda.
11. Draft an agenda bill and resolution, if applicable. Ask the City Attorney to review.
12. Following Council approval, ask the Engineering Dept. (capital projects) or Legal Assistant (other projects) to draft a contract.
13. Send draft contract to contractor with request for additional items identified by Engineering staff or the Legal Assistant.
14. After the contract has been fully signed, send a copy to the contractor and return all bid bonds, except for the one submitted by the successful bidder.

2.9 Equipment Purchases Including Installation

[RCW 35.23.352\(1\)](#) prohibits the division of a public works project into units of work or classes of work to avoid the restriction on work that may be performed by day labor on a single project.

Occasionally projects include the direct purchase of equipment separate from the installation. For example, the City purchases equipment for

Tips & FAQs

Determining the total cost for an equipment purchases with installation:

Equipment & materials cost
+ Cost of installation =
Total project cost

Tip

All public works, including maintenance, when performed by contract, shall comply with [RCW 39.12.020](#) as it pertains to prevailing wage requirements. According to [RCW 39.04.010 \(4\)](#), there are clearly two categories of work that must comply with prevailing wage requirements: (1) public works and (2) maintenance when performed by contract.

Tip

When the City executes any public work by any means other than by contract or small works roster, it must keep a full, true, and accurate account and record of the costs of executing such work as prescribed in RCW 39.04.070.

Prior to commencement of the public work project, the Legal Assistant, upon request, will create an encumbrance number (purchase order number) for use in coding all costs associated with the project.

\$50,000 off a State contract, and the installation is estimated to cost \$25,000.

How do we bid this project?

Because we cannot split public works into units to avoid the bidding process, we must combine the cost of the two purchases and treat them as one to establish the “project cost.” In this example, the cost of the entire project is \$75,000 (equipment @ \$50,000 + installation @ \$25,000), which exceeds the City’s limited public works bid threshold of \$50,000. Therefore, the public work installation must be awarded using the small works process or formally bid (*see Sections 2.7 and 2.8 above*). The purchase of the equipment can be made using the State contract (*see Section 2.4 above*).

What kind of contract do we use?

For this project, because the public works installation is under \$350,000, we would use a small public works contract. Usual contract requirements that apply to small public works projects apply to this project. Because the total project cost is \$75,000, this contract would have to go to City Council for approval.

There are so many variables to this type of purchase that it would be difficult to highlight every possible scenario. Please contact the Finance Department or Legal Department for assistance.

Approval Process:

Refer to the Public Works section of the matrix at the beginning of this manual.

2.10 Unit Priced Contracts

[RCW 35.23.352](#) allows the City to use unit priced (or on-call) contracting for public work projects that are expected to happen on a recurring basis, such as tree trimming, road resurfacing, or public facility maintenance. Unit priced contracts means a competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the city or town, under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work. Whenever possible, the city must invite at least one proposal from a certified minority or women contractor who otherwise qualifies.

Unit priced contracts must be executed for an initial contract term not to exceed three years, with the city or town having the option of extending or renewing the unit priced contract for one additional year.

Invitations to bid for these contracts shall include, for purposes of the bid evaluation, estimated quantities for the anticipated types of work and specify how

Tips & FAQs

Examples of general services:

- Customized accounting software and ongoing support
- Landscaping, building, and grounds maintenance
- Snow and ice removal
- Garbage collection and disposal (Solid waste collection and disposal contracts do not have to be bid. An RFQ/RFP process as noted in [RCW 35.21.156](#) can be used.)
- Office equipment maintenance
- Official newspaper

Formal competitive bidding for general services:

1. Prepare a formal solicitation document, including description of project requirements and proposal evaluation criteria.
2. Publish legal notice in newspaper.
3. Develop bidder's list of firms responding to solicitation.
4. Develop score sheets to be used by evaluators (if applicable).
5. Send the solicitation to at least five firms or individuals.
6. Provide answers to bidder's questions via addenda.
7. Require sealed bids and a public bid opening. Date and time stamp all bids received.
8. Evaluate proposals according to score sheet.
9. Negotiate contract with lowest responsive, responsible bidder.

the City will issue or release work assignments, work orders, or task authorizations based on the hourly rates or unit prices bid by the contractor. Contracts must be awarded to the lowest responsive, responsible bidder.

Unit priced contractors shall pay prevailing wages and update rates annually. Intents and affidavits for prevailing wages paid must be submitted annually for all work completed within the previous twelve-month period of the unit-based contract.

Note: The City is also allowed (by [RCW 39.10.420](#)) to obtain public works services by job order contracts; however, these contracts are for a broader scope than unit priced contracting and require that 90% of the work be performed by subcontractors. Please consult with the City Attorney for more information.

2.11 Services

There are three types of services that the City may need to obtain:

1. **Professional services** (also called personal services) are provided by independent contractors with specialized knowledge, advanced education, professional licensing, or certifications; the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.
2. **General services** (also known as purchased services) include all service-related work not considered a public work or professional service. Most often these are routine in nature (i.e. yearly, monthly, weekly, etc.). Examples include courier services, weeding, and vehicle inspection services. State law does not require a competitive process for the selection of general services, with the exception of the City newspaper.
3. Architectural, engineering, land surveying, and landscape architecture services (A&E) are addressed in Section 2.12 below. Section 2.11 does not apply to A&E services.

The City uses MRSC's Consultant Roster, which distinguishes architectural and engineering services as defined in [RCW 39.80.020](#) from other consulting services. Consultants can be added to the appropriate roster when they submit a written request and necessary records to MRSC. The City reserves the right to publish an announcement on each occasion when professional or other services are required.

To ensure a more competitive process, the City has adopted tighter standards for selection of service providers than required by State law. Unless the City Manager approves in writing an exemption based on the best interests of the City, staff shall follow these guidelines for selection of professional or general services:

Tips & FAQs

Examples of Professional Services:

Programmers, accountants, attorneys, physicians, consultants, graphic artists

Examples of A&E Services:

Engineers, land surveyors, architects & landscape architects

A&E Requests for Proposals (RFPs) must, at a minimum, include:

1. Statement of need (scope)
2. Estimated schedule
3. Evaluation criteria
4. Proposal elements
5. Submittal deadline
6. Standard terms & conditions

Advertising:

Advertising requirements are found in the following codes:

RCW 39.80.030 – Architectural and Engineering Services

RCW 35.23.352(1) – Public Works

RCW 39.04.155(2)(a) – Public Works Small Works Roster

- **Under \$5,000** – No competitive process required. It is still incumbent on the department to ensure that the price is reasonable, and the provider is qualified. It is recommended to request prices, schedules, and qualifications from three consultants on the MRSC Consultant Roster.
- **\$5,000 to \$9,999** – It is highly recommended to request prices, schedules, and qualifications from at least three consultants on the MRSC Consultant Roster.
- **\$10,000 to \$19,999** – Request proposals from at least three consultants on the MRSC Consultant Roster (with one having a MWDBE classification when possible) or use an RFP/RFQ process.
- **\$20,000 or more** – Formal advertised RFP or RFQ process recommended.

Note: Some general services, such as landscaping work, require payment of prevailing wages. Contact the Legal Department with questions.

Contract Award Process:

1. Develop scope of work.
2. Determine budget amount for work.
3. If grant funds are involved, check the grant agreement requirements.
4. Obtain proposals or conduct formal bidding as required above.
5. Evaluate the proposals and negotiate a contract with the lowest qualified, responsible bidder.
6. If Council approval is required, contact City Clerk for meeting date. Draft agenda bill and resolution, if applicable, and send to City Attorney for review.
7. After Council approval (if required), contact the Legal Assistant with a copy of the estimate and other relevant information, such as project start and end dates.
8. Legal Assistant will prepare a draft Professional Services Agreement.
9. Send contract to service provider for review and signature, along with request for documents identified by Legal Assistant, such as W-9.
10. Forward signed contract and additional documents to Legal Assistant for processing.
11. Forward fully signed contract to contractor and arrange for project start.

Approval Limits:

For the approval limits, refer to the Services section of the Purchasing Matrix at the beginning of this manual.

Tips & FAQs

Q: *What is the difference between an RFP and an RFQ?*

A: An RFP will typically focus on a specific project and includes price as one of the submittal requirements and evaluation factors.

An RFQ does not have price/cost considerations and is dependent on qualifications only. An RFQ is commonly issued for architects and engineers per RCW 39.80. An RFQ can be used for specific projects when hiring an A&E firm but will not include price/cost as one of the evaluation factors.

Sample evaluation criteria for RFPs:

1. Experience with project type
2. Quality of previous performance
3. Ability to meet contract deadlines
4. Responsiveness to solicitation requirements
5. Compliance with laws relating to contracts or services
6. References
7. Availability for the project
8. Financial capacity
9. Licensing and certification
10. History of errors and omissions
11. Construction change order history

2.12 Purchases of Architectural & Engineering Services

Architectural, engineering, land surveying, and landscape architecture services (frequently referred to as “A&E”) are to be acquired under the authority and procedures outlined in chapter [RCW 39.80](#).

[RCW 39.80.030](#) requires that the City publish advance notice of its need for A&E services. The City may comply with this section by (1) publishing an announcement on each occasion when professional consultant services are required or (2) announcing generally to the public its projected requirements for any category or type of professional service.

A&E consultants are initially selected based upon their qualifications, rather than price (see [RCW 39.80.050](#)). The City will negotiate a contract with the most qualified firm at a price that the City determines is fair and reasonable. In making its determination, the City shall consider the estimated value of the services to be rendered, as well as the scope, complexity, and professional nature of the project. If the City is unable to negotiate a satisfactory contract with the selected firm for a price the City determines to be fair and reasonable, negotiations shall be terminated, and the City shall begin negotiations with the next highest qualified firm. There are two ways to select an A&E firm based upon their qualifications:

1. Roster statement of qualifications (SOQ) review – Select three or more consultants from the MRSC Consultant Roster in the relevant service category and evaluate their qualifications. Documentation of the three reviews is required. Minority-owned, women-owned, and veteran-owned firms must be given the maximum practicable opportunity to compete for these contracts.
2. Project-specific request for proposals (RFP) – Use the MRSC Consultant Roster to send out an RFP and request for qualifications (RFQ) to consultants in the relevant service category. Minority-owned, women-owned, and veteran-owned firms must be given the maximum practicable opportunity to compete for these contracts.

Contract Award Process:

1. Develop scope of work
2. Determine budget amount for work
3. If grant funds are involved, check the grant agreement requirements
4. Public advance notice of need for services, if not already done
5. Obtain proposals or conduct formal solicitation, as described above
6. Evaluate proposals and/or statements of qualifications and select the most highly qualified firm
7. Negotiate final project scope and fees with selected firm

Tips & FAQs

Q: State law does not require any formal competition for services. Why do I have to do an RFP/RFQ?

A: Its true, State law does not require competition for services. However, City policy is more restrictive than that of the State.

8. If project total is over City Manager signing authority, contact City Clerk to add contract approval to upcoming City Council agenda
9. After Council approval (if applicable), request that Legal Assistant draft professional services agreement
10. Obtain consultant's signature on agreement, along with proof of insurance, professional certification (if applicable), and W-9
11. Send documents to Legal Assistant for City signatures and processing

Approval Limits:

Refer to the matrix at the beginning of this manual.

2.13 RFPs and RFQs

Request for Proposals:

A Request for Proposals (RFP) is a method of soliciting competitive proposals for a defined scope of work. The proposals would normally include factors to measure qualifications, delivery, and service reputation, as well as price.

An RFP is a formal invitation from the City to a company to submit an offer to provide a solution (or proposal) to a problem or need that the City has identified. The supplier's experience, qualifications, and solution may take precedence over the cost proposal to the City.

Elements of an RFP:

1. Purpose of RFP (brief description of project)
2. Project background
3. Scope of work or statement of need
4. Goals and objectives
5. Minimum qualifications
6. Technical requirements (if any)
7. Schedule
8. Estimated project budget & request for cost proposal
9. Submittal requirements, including deadline
10. Evaluation process and criteria
11. Insurance requirements
12. Funding sources (if applicable)

Evaluation criteria for the submitted proposals should relate to the project's scope of work and stated objectives and should be clearly communicated with the proposers.

Request for Qualifications:

A Request for Qualifications (RFQ) is a method of soliciting competitive proposals that considers and evaluates companies on the basis of demonstrated competency and qualification rather than price. This process

is typically used for architectural and engineering services where price is not a consideration. An RFQ will generally result in negotiations.

Elements of an RFQ:

1. Project background and scope of services
2. Project budget and source of funding
3. Schedule
4. Minimum qualifications
5. Submittal requirements, including deadline
6. Selection process/evaluation criteria.

Information request of the respondents may include list of principals, previous projects, number of employees, and licenses or certifications.

Depending upon the complexity of the project, a typical RFP or RFQ takes around 6-8 weeks to complete.

Process for RFPs or RFQs:

	Task	Action
1.	Identify need	Develop scope of services
2.	Determine the estimated cost	Confirm sufficient budget exists and identify funding source(s)
3.	Identify grants or federal funds	Notify Finance Dept. (Accountant)
4.	Develop draft RFP/RFQ	Considerations: <ul style="list-style-type: none"> • Schedule • Scope of services • Qualifications • Selection process & evaluation criteria • Submittal requirements & deadline • Proposal validity period • Term of contract
5.	Finalize RFP/RFQ	Contact City Attorney for review, then finalize RFP/RFQ
6.	Identify appropriate roster category	Identify roster category and companies
7.	Advertise, publish, and notify	<ul style="list-style-type: none"> • Advertise • Publish RFP on City's website • Email notification to recommended roster participants
8.	Evaluate proposals	Department to identify selection committee
9.	Conduct interviews	Department to schedule
10.	Identify "apparently successful proposer"	Seek management approval to negotiate with "apparently successful proposer"

11.	Negotiate contract	Goal: reach a mutually advantageous position on issues of concern while fulfilling requirements of contract
12.	Award contract	Prepare council agenda materials, if applicable, and contact Engineering or Legal Assistant for draft contract when approved

2.14 Bid Opening Process

Bid Due Dates

Time is of the essence. It is important to make the bid submittal deadline clear in the bid documents. For example: “The bid form will be received up to 3:00 p.m. on April 27, 2020. Bids received after that date and hour, based on the time on our atomic clock, will not receive consideration.” For example, if a bid is due at 2:00 P.M., a bid received at:

- 1:59 p.m. is on time
- 2:00 p.m. is on time
- 2:00:01 p.m. is late

If a bidder insists on submitting a bid after the deadline and leaves it, do not open it. Make a photocopy of the bid envelope with the time stamp and immediately return the bid by certified mail, return receipt requested.

Equal Treatment of Bidders

Avoid giving bidders an advantage to include: permitting bidders use of private offices and conference space for finalizing bid prices, providing envelopes for bidders to use in sealing the bid, or permitting bidders to use the agency’s telephone, computer, fax, or photocopier. Avoid disclosing the names of bidders or the total number of bidders until the bid opening.

Receiving Bids Checklist

- Is the bid in writing? Do not accept bids by fax, email, telephone or orally unless the bid solicitation allows for it (generally not allowed for formal, competitive bidding).
- Did the bidder attend the mandatory pre-bid meeting, if applicable?
- Is the bid envelope sealed? Offer tape if not sealed.
- Is the correct information on the envelope?
- Is the time stamp clear?
- Is the time stamp prior to deadline?
- All received bids should be kept in a secure and centralized location not accessible to other bidders.

Withdrawal & Modification of Bids

- A request to withdraw or modify the bid in advance of the deadline may be received verbally or in writing. If unfamiliar with the bidder, ask for identification.
- Make a photocopy of the face of the bid envelope, ensuring the bid receipt time shows up on the copy.
- Have the bidder sign the photocopy with the following “Received by (signature, printed name, date, time).”
- Keep the original signed photocopy.
- Remove the bid receipt stamp or cross it out on the face of the bid envelope.
- Return the bid to the bidder, notifying the bidder that if they choose to resubmit the bid, it must be received prior to the bid submittal deadline and stamped in again with a new time and date stamp prior to the deadline.

Modifying Bids from a Distance

The bidder may submit additional information modifying a previously submitted bid if the modification is:

- Received in writing.
- Signed by an authorized representative of the bidder.
- Received prior to the bid receipt deadline.
- In a sealed envelope.
- Clear in stating what prices are being changed.

Subcontractor’s List

Due either with the bid or within one hour of the bid submittal deadline ([RCW 39.30.060](#)).

Opening the Bids

Bids should be opened in a public meeting. Read each bid before opening the next one. Consider using one person to open the bids and a second person to read. The project manager staff should record the prices on a bid tabulation form. The bid reader should state publicly all the information noted in looking at the bid, without passing judgment whether it is responsive or non-responsive, to include:

- Name of bidder
- Is bid form signed?
- Bid amount
- Is bid guaranty included?
- Are addenda acknowledged?
- Is subcontractor’s list included?

The bids will be evaluated for responsiveness after the bid opening. If a contractor wishes to review the bids after the bid opening, allow only one contractor at a time to review the bids in a monitored environment.

2.15 No Bids or Non-Responsive/Responsible Bids or Submittals

No Bids or Submittals Received:

As provided in [RCW 35.23.352\(1\)](#), in the event the City does not receive any bids or submittals on the first call, the City has three options: (1) re-advertise and make a second call, (2) enter into a contract with any qualified contractor, or (3) purchase the supplies, materials, or equipment and perform such work and improvement by day labor (City staff).

Before determining which option would best fit, the department should conduct a survey of the registered bidders or proposers or any other known interested parties to determine: 1) why they didn't they submit, 2) whether the City's document too restrictive or too complex, 3) if there ample time to submit, and 4) if there too many open questions before the due date. The City Attorney may be consulted for additional assistance in determining the best option.

Determining Lowest Responsible Bidder:

The City should award the contract for a public works project to the lowest responsible bidder, unless the lowest bid is above the budget for the project. In that case, all bids may be rejected, and the City may call for new bids.

A responsible bidder shall be a registered and/or licensed contractor who meets the mandatory bidder responsibility criteria established by [RCW 39.04.350](#) and who meets any supplementary criteria established by the City.

According to [RCW 35.23.352\(2\)](#), the City may award a contract to the second lowest bidder if: (1) the bid is within five percent of the lowest bid, (2) the second lowest bidder meets the same criteria as the lowest bidder, **AND** (3) the City has issued a written finding to the lowest bidder within the last three years that the lowest bidder was late, over budget, or did not meet specifications, and the City has not found in writing that the lowest bidder has shown how they would improve performance.

Non-Responsive and/or Not-Responsible:

The City shall draft bidder responsibility criteria that are based upon clear business reasons, and the criteria must not be overly restrictive of the bidding pool. Note that in Washington State, a bidder who objects to the

supplemental bidder responsibility criteria may request that the City modify the criteria before the bid submittal deadline.

Bids may be rejected as non-responsive for a multiple of material factors, including lack of subcontractor's list when required (for contracts in excess of \$1M or contracts of three or more trades), insufficient bid guarantees, bids submitted after the deadline, qualified bids, and/or lack of acknowledgement of addenda. In general, a material irregularity is required before the bid may be deemed non-responsive (defined as any variance which provides "a bidder substantial advantage or benefit not enjoyed by others"). In the event the City receives a bid or submittal on the first call that is deemed non-responsive or non-responsible, the department shall consult with the City Attorney to determine whether it is a material or immaterial irregularity. Each project will be evaluated on a case-by-case basis.

Bid Protest:

The City follows the bid protest guidelines established in [RCW 39.04.105](#).

2.16 Contracting 101

A contract is a written agreement between two or more people or entities to accomplish a specific outcome. In a public purchasing context, a contract is an agreement by a vendor or contractor to provide goods or services to the City in return for receiving payment from the City. The following is an overview of the contract process:

Invitation:

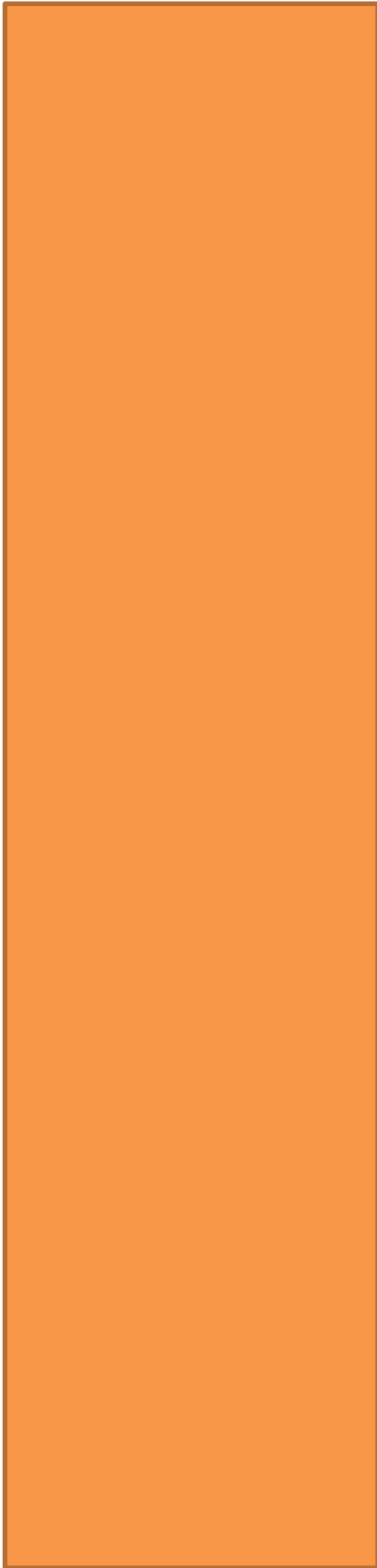
- A solicitation (ITB, ITQ, or RFP) is an invitation to a contractor to make an offer.
- These are most often directed at multiple parties and outline the needs of the City.

Offer:

- The contractor's returned quote/bid/proposal is their offer to the City to perform the work, outlining **what** and **how much**.
- The offer shows that the contractor is willing to agree to specific terms.
- The offer is given to a particular party.
- The contractor has made an offer to do what the City requested for a specific price.

Acceptance:

- The City must now accept one of the offers.



- The acceptance is a communication showing agreement to the exact terms of the offer or a **contract**.
- Contracts must show that the offer made by the contractor has been accepted, usually by attaching the contractor's estimate or scope of work and fee schedule.

Tips & FAQs

Q: *Does the exemption from the sales and use tax for labor and services on a City street project apply if a private contractor does the work?*

A: Yes. It makes no difference, for the purposes of the exemption, whether the City does the work, or has it done by someone else.

3.0 Other Considerations

3.1 Rule 171 – Sales Tax Exemptions

Normally sales tax applies to every sale of tangible personal property (and some services) to all persons, including cities. Thus, for bid limit purposes, the tax must be included when determining the cost of a public work or when calculating the cost of materials, supplies, and equipment purchases separately from a public work.

However, there are some sales and use tax exemptions for certain public work projects. The exemptions include:

1. Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a city or town which is used primarily for pedestrian or vehicle traffic ([RCW 82.04.050\(10\)](#). See also [WAC 458-20-171](#), nicknamed “Rule 171.”) Materials used in constructing these projects are not exempt from the sales and use tax.
2. Labor and services for the processing and handling of sand, gravel, and rock taken from City pits and quarries when the material is for publicly-owned road projects ([RCW 82.08.0275](#) and [WAC 458-20-171](#)).

3.2 Prevailing Wages

What are prevailing wages? The **Department of Labor and Industries** (L&I) requires that workers be paid prevailing wages when employed on **all** public works, public building service maintenance, and contracted maintenance, based upon the classification of labor performed.

Prevailing wages are defined as the hourly wage, usual benefits, and overtime paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Department of Labor and Industries for each trade and occupation

Tips & FAQs

Q: *Do I have to include prevailing wage rates in the contract specifications as an attachment or can I just put in a link to the L&I website?*

A: Per [RCW 39.12.030](#) all bid specifications and contracts shall include a list of the applicable wage rates.

employed in the performance of public work. They are established separately for each county and are reflective of local wage conditions.

What are the responsibilities of the City when contracting for public works?

The City, in awarding a contract, must make the determination of whether that contract involves “public work” and communicate it to contractors in the bid specifications and contracts.

What provisions must be made for prevailing wage?

Awarding agencies must stipulate in bid specifications and contracts for public work that workers shall receive the prevailing rate of wage. Those documents must either contain a list of the applicable prevailing wage rates or a link to the rates on L&I’s website. If including a link, print the current rates and keep with the project file.

What are the public building service maintenance contract requirements?

Public building service maintenance (janitorial) contracts of more than one-year duration must include wage language recognizing the potential for future variance in applicable prevailing wages each year after the first year of the contract.

What are awarding agency requirements when disbursing public funds?

Agencies may not make any payments where contractors have not submitted an *Intent to Pay Prevailing Wage* form that has been approved by L&I. Agencies may not release final payment until all contractors have submitted an *Affidavit of Wages Paid* form that has been certified by L&I. The requirement to submit these forms should also be stated in the contract.

What are the contractor’s filing requirements?

Public work contracts require that each and every contractor and subcontractor on the project file the “Statement of Intent to Pay Prevailing Wages” and “Affidavit of Wage Paid” forms.

Is there a minimum contract amount for a contractor to file?

There is no minimum dollar contract amount. Intent and Affidavit forms are required for every public works contract regardless of the size of the contract.

When does the contractor file an Intent?

The Intent form is filed immediately after the contract is awarded and before work begins, if that is possible.

When does the contractor file an Affidavit?

The Affidavit form is not filed until after all the work is complete.

3.3 Retainage

What is the purpose of retainage? The City retains a portion of the contract amount for public works contracts as a trust fund to pay any claims associated with the contract and/or for payment of amounts due by the contractor to the Department of Labor and Industries, the Employment Security Department, and the Department of Revenue ([RCW 60.28.011](#)).

What level of retainage is required? The City generally retains 5% of the contract amount. However, for contracts awarded by the small works roster process and totaling less than \$150,000, contractors may opt to have 10% retained in lieu of a obtaining a performance bond. The City may alternatively choose to waive retainage requirements for any small works roster contracts. Retainage is not held for projects funded by federal transportation funds.

What are the retainage options? The City retains the funds in a City fund, unless otherwise requested by the contractor. A contractor may choose to have the funds deposited by the City into an interest-bearing account or placed by the City in escrow with a bank or trust company. If the escrow option is selected, contact the City Attorney for an escrow agreement.

When can retainage be released? Retained funds will be released after final acceptance of the project and after the City has received all releases from the [Department of Revenue](#), the [Department of Labor and Industries](#), and the [Employment Security Department](#). Upon receipt of all releases, the project manager should notify the Legal Assistant to release the funds. For projects under \$35,000, the retained funds will be released when the Department of Labor and Industries has approved the contractor's Affidavit of Wages Paid.

Is the City liable for payment of project costs to subcontractors if waiving retainage? Local governments may waive retainage but must assume liability of the contractor's non-payment. The Local government does retain the right to recovery from the contractor.

4.0 Contract Administration

4.1 Risk Management Considerations

The City enters into numerous contracts throughout the year. These contracts involve risk. City property can be damaged. Employees of the City, contractors, subcontractors, and suppliers can be injured. Members of the public can be harmed. These and other accidental losses can arise during and as a result of the activities during the contract fulfillment process. The City seeks to transfer responsibility to such events to those with whom it contracts.

The City's approach to contracting is designed and managed to avoid undue exposure to risk with exceptions where it makes good business sense. Certificates of insurance and endorsements naming the City as an additional insured are required from all contractors and consultants who contract with the City. Verification of appropriate insurance requirements shall be completed prior to signing of the contract by the City. Any waiver of insurance requirements requires the approval of the person with signing authority for the contract (generally the City Manager). Contact the City Attorney with questions about insurance requirements or for advice on the risk of a requested waiver.

4.2 Payment Options

Prior to contract award, payment terms should be identified to determine the most effective compensation method. The most common include:

Hourly/Time and Materials:

The City pays a fixed hourly rate and pays for the cost of certain specific services and/or materials. For certain professions, such as consultants, this is the standard option. Time and materials contracts should have a ceiling amount or a not to exceed amount included. This type of payment term may be used if the City is unable to clearly define the level of effort required to accomplish the objectives. A time and materials contract places most of the risk on the City and little on the contractor and provides no positive profit incentive to the contractor for cost control or labor efficiency. Frequent contract monitoring is required to ensure that the number of hours is kept to a reasonable level.

Fixed or Lump Sum:

The contractor receives a fixed amount or lump sum payment based on terms established in the contract. Typically, payment is tied to a completion of agreed upon performance achievements. Other alternatives are possible, such as progress payments made to compensate for activities conducted over the specific period of the contract. This type of contract should generally establish a minimum allowable level of compensation. With this method of compensation, the City may not be required to pay if specific terms in the contract are not met and thus the risk is placed on the contractor.

Cost Reimbursement:

A cost reimbursement method of compensation has a higher risk for the City because it reimburses the contractor for all costs incurred under the terms of the contract. To prevent overpayment, allowable cost provisions should be clearly identified. Contract managers should consider including a contract provision for a maximum allowable compensation level for the contract period and budget. Cost reimbursement contracts generally require more fiscal pre-planning and monitoring than other methods.

Performance Based:

These contracts are based on attainment of a specific outcome. The rate of compensation is generally negotiated based on cost information provided by the contractor. Generally, performance-based contracts identify the maximum allowable compensation. This allows the City to define the quality of services in terms of performance standard and pay accordingly. Performance based contracts differ from time and materials or fixed price contracts in that if the quantifiable quality of service is low, the payment may be reduced or withheld. This requires a higher level of reporting from the contractor to the City. The contractor primarily assumes the risk because the City does not pay if performance levels are not met.

4.3 Contract Execution & Administration

Contract Execution:

The contract is fully executed when all authorized parties have signed it. Upon execution, signed copies of the contract should be provided to all interested parties including, at a minimum, the contractor and Legal Assistant.

Contract Administration:

Contract administration means any activity related to contracting, including the decision to contract, contractor screening, contractor selection, contract

preparation, contract monitoring, auditing and post contract follow up. Typical responsibilities of the project manager include:

- Understanding the contract, including the specific contract obligations and performance indicators by which performance will be monitored.
- Assessing the risks related to the project before soliciting proposals and contracting to determine the extent of the monitoring required.
- Ensuring the contractor has a clear understanding of how the contract will be managed and monitored.
- Providing the contractor with guidance and technical assistance, as needed, to promote effective contract performance.
- Identifying the extent and source of funding for services provided.
- Monitoring the contractor's activities to ensure quality service delivery. Ensuring funding is used only for authorized purposes.
- Reviewing invoices and verifying that delivery of services is rendered.
- Resolving issues or problems that arise during the contract.
- Measuring and tracking satisfaction with contractor performance.
- Complying with State and City rules and regulations.
- Documenting the contract to validate that effective contract management has occurred.

Project managers need to be mindful not to do the following:

- Instructing the contractor to begin work before the contract is executed and approved.
- Changing the description, scope, period of performance, or cost of the contract without processing a written amendment.
- Directing the contractor to do work that is not specifically described in the contract.
- Signing a contractor's contract form (some exceptions apply)
- Authorizing payment to the contractor for any work not performed satisfactorily.
- Paying for the same or similar services more than once.

4.4 Contract Monitoring - Performance

Monitoring Contract Performance:

Monitoring means any planned, ongoing, or periodic activity that measures and ensures contractor compliance with the terms, conditions, and requirements of a contract. The level of monitoring should be based on a risk assessment of the contractor's role in delivering the services and the contractor's ability to deliver under the terms of the contract.

The purpose of monitoring is to ensure the contractor is:

- Complying with the terms and conditions of the contract and applicable laws and regulations.
- In compliance with the contract through identifying and resolving potential problems and providing constructive, timely feedback.
- Adhering to the project schedule and making appropriate progress toward the expected results and outcomes.
- Providing the quality of service expected.

Monitoring Activities May Include:

- **Periodic contractor reporting** – Require the contractor to submit progress reports or other appropriate data or reports, based on pre-defined criteria, and review the contractor's reports for verification of services provided and adherence to the contract. Substandard performance should be identified and addressed timely and appropriately.
- **Invoice review** – Compare billings with the terms agreed upon in the contract. Ensure the costs being charged are within the contract parameters.
- **Other periodic contact with contractor** – On-site visits to maintain contact with the contractor to review progress on a regular basis. Good contract monitoring includes a continuous dialogue with the contractor.

4.5 Contract Monitoring - Payment

Reviewing Invoices for Payment:

Contract payment is the process by which the contractor submits invoices for reimbursement for services and receives payments. The contract manager must carefully review the contractor's request for payment to verify the accuracy of all charges.

Considerations:

- Are the hours/costs commensurate with the services or deliverables received?
- Is the service period identified on the invoice and were the services rendered prior to contract expiration?
- Do the rates invoiced match the rates stated in the contract?
- Has the necessary documentation been included to verify charges accurately? Is there enough money remaining on the contract?
- Reimbursable expenses. Below are the recommended reimbursable expenses:
 - Travel
 - Mileage

Tips & FAQs

Renewals vs. Year-to-Year Contracts:

Keep in mind that including additional periods or renewal language in your solicitation or contract provides for greater continuity with terms and conditions such as pricing, scope, and availability. More often than not, contractors will give discounts for longer term contracts.

To enter into a series of year-to-year (or standalone) contracts, opens up the terms and conditions for contractors to modify their price and availability. Standalone contracts require a competitive process at each contract period and therefore may result in higher costs to the city.

However, if a contract includes “options to renew” language, the contract must be routed to include all future renewals of the “potential value” of the contract.

Documented Benefit to City:

All contract amendments must have consideration for any additional time or funds. This means that the amendment must state what benefit the contractor will provide to the City in exchange for the increased time or payment amount. Contact the City Attorney with questions.

- Food
- Miscellaneous expenses

If charges are acceptable, the contract manager submits a claim approval form for payment. Payment terms are 30 days from date of invoice.

4.6 Amendments & Change Orders

Amendments:

Amendments are changes to service contracts.

Changes to contracts may be processed as amendments, rather than new contracts, but only if the changes are within the general scope of the original contract.

Change Orders:

A change order is the formal document that alters some condition of the contract documents. The change order may alter the contract price, schedule of payments, completion date, terms and conditions, or the plans and specifications. Change orders are changes to public works contracts and reflect unforeseen conditions that must be addressed to meet the contract requirements and without which the work requested in the original contract could not be completed. Minor modifications that do not materially affect the scope or cost of the contract, such as address changes or staff changes, do not require a formal change order but should be documented in writing.

These situations should be distinguished from extra work that could stand on its own and is outside and independent of the contract, in which case a new competitive bid process is required. Appropriate uses of change orders include:

Scope – Scope changes may include adding, modifying, or deleting tasks, services, or deliverables or revising specifications. Changes to scope should be well documented and include any additional costs associated with these changes.

Changes that are outside the general scope of the contract or bid request are not appropriate to award through contract change orders. Such changes would have the effect of making the work performed substantially different from the work defined at the time the original contract was awarded.

Terms and Conditions – Changed conditions could include price variations in commodities.

Cost – If the cost of the contract is increased or decreased, document reasons for change (e.g.: scope changes, changes to unit price items).

Period of Performance – An extension to the contract end date is the most common change to the period of performance. Minor modifications that do

not materially affect the scope or cost of the contract, such as address changes or staff changes do not require a formal change order but should be documented in writing.

Amendment and Change Order Approval:

- Amendments and change orders that do not change the total value of the agreement contract (i.e.: a new expiration date) may be signed by the City Manager or designee.
- Accumulated cost changes up to 10% of the original agreement or contract amount may be approved by the City Manager or designee, if there is budget capacity and available revenues.
- Accumulated cost changes greater than 10% of the original agreement or contract amount must be approved by the City Council. Such approval establishes a new agreement or contract amount against which the above percentages apply for subsequent amendments or change orders.
- The City Council may pass a resolution on an individual project giving the City Manager the authority to sign all amendments and change orders within the allotted project budget, superseding the 10% limit.

To protect the City’s interests, all amendments or change orders shall be executed in writing prior to the end of the contract period of performance and before the contractor begins work as authorized by the amendment.

4.7 Contract Close-Out & Termination

Contract Termination:

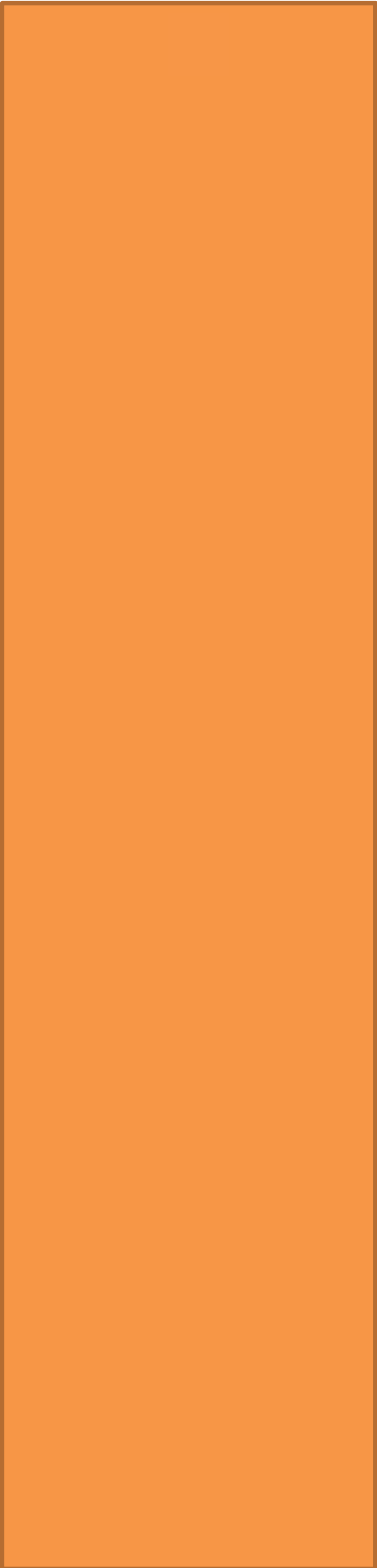
Contracts may be terminated prior to the completion date of the contract either for convenience of the parties or for cause. Contact the City Attorney’s Office for guidance when considering a contract termination.

Contract termination should be done in writing and follow the process described in the contract or as advised by the City Attorney.

Contract Close-Out Process:

Once the contract is complete, it is critical that the project manager complete the close-out process in a timely manner and stay on a schedule.

- 1) **Notice of Completion of Public Works Contract.** Required for projects totaling \$35,000 or more. The project manager should complete and file a “*Notice of Completion of a Public Works Contract*” form with the Department of Revenue, Department of Labor and Industries, and Employment Security Department. This form is available on L&I’s website.

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- 2) **Receive release letters** from Employment Security Department, Department of Revenue, and Department of Labor & Industries. These letters will be sent either by mail or through that department's web portal.
 - 3) **Release retainage.** Once the above-mentioned letters are received, the project manager should request that the Finance Department release retainage by a memo or coversheet along with a copy of the letters received.
 - a) **Release retainage bond.** If the contractor provided a bond instead of having the City hold retainage, the project manager should contact the bond issuer to release the bond.
 - b) **Escrow release.** If the contractor requested that the City hold retainage in an escrow account, the project manager should provide a written release to the bank.

Liens

Whenever a valid lien has been filed against the retainage, the City may only release that amount of the retainage in excess of the total amount of the valid lien claims and an amount sufficient to defray the costs and attorney's fees of the claimants in foreclosing the liens.

Invoices Submitted after Close-Out Process

Invoices that are submitted after contract expiration may still be paid if the following conditions apply:

- Invoice or pay estimate clearly shows that services were performed prior to contract expiration.
- Sufficient funds existed prior to close-out.

Every effort should be made to process invoices in a timely manner to eliminate delays and extra steps in payment processing.

Tips & FAQs

Surplus is any City property and/or asset that is no longer deemed valuable or of use to the City now or in the foreseeable future.

Estimated value of property should be the amount of money or interest a third party would be willing to pay. Estimating values may be determined through obtaining an estimate, an official appraisal, an offer from another agency, *Kelly Blue Book* value, or other sources.

5.0 Surplus and Disposition of Assets

5.1 General Information

It is the policy of the City of Port Townsend to provide the best possible stewardship and management of municipal assets in the best interests of the residents of Port Townsend.

[PTMC Chapter 3.44](#) sets forth the City's processes for disposition of surplus property and long-term leases. The information in this policy manual is intended summarize the code requirements.

5.2 Declaring Surplus

A department head or operations manager may recommend that personal or real property under his or her control is deemed no longer to have any value and may desire to surplus that property.

- If the property has an estimated value under \$10,000, the City Manager may declare that it is surplus.
- All personal property with an estimated value greater than \$10,000, and any real property must be declared surplus by the City Council.
- All personal property acquired with utility funds may be transferred to and used by a non-utility department if the property is of de minimis monetary value. Disposition of utility assets must have an administrative hearing by the City Manager.

Criteria for declaring surplus is based on one or more of the following:

- The City has or soon will have no practical, efficient, or appropriate use for the property, nor will it have such a use for the property in the near future.
- The purpose served by the property can be accomplished by use of a better, less costly, or more efficient alternative;
- The purpose served by the property no longer exists as determined by a change of policy evidenced by an ordinance or resolution of the City Council;
- The property is damaged, worn out, or otherwise inoperable and the cost of repairing the same is unwise or impractical.

5.3 Disposition of Personal Property

Departments that determine they have surplus property should first make these items or equipment available to other City departments when reasonable. If the item is no longer of value to the City, staff may do the following:

- Sell or transfer the item(s) to another government agency, subject to the public notice and hearing requirements of [RCW 39.33.020](#) for items with a value in excess of \$50,000.
- Auction the item(s). The originating department will be responsible for all costs associated with this option. Finance will coordinate the auction with the department representative.
- Sell the item through a sealed bid process.
- Trade the item(s) in for new replacement equipment.
- Send the item(s) to the State surplus program.
- Donate the item(s) to a non-profit that serves or benefits low-income persons or persons with disabilities. *(Be sure to obtain a receipt for record retainage.)*
- Dispose of the item(s) in the most cost effective, efficient manner.

A department head or designee that is responsible for the disposition of property or assets. They should sign the “Declaring Surplus Memo” to the City Manager. The memo should be a detailed statement of the item(s), where the asset is located, the estimated value and the recommended disposition procedure. Send the memo to the Finance Department to coordinate obtaining the City Manager’s or Council’s approval.

Once approval has been granted to dispose of the property, the receiving individual or organization must sign an **“As-Is/Where-Is” Statement and/or Liability Waiver**. The signed form must be forwarded to the Finance Department for record retainage.

Within 24 hours of receipt, proceeds from any sale and sales tax collected will be forwarded to the Finance Department to be deposited. Sales tax will be remitted to the *Department of Revenue* on the next reporting cycle.

Prior to sale, remove all City logos or other markings identifying the item(s) as City property from any vehicles and or equipment prior to sale.

Tips & FAQs

Be mindful of your budget appropriations when using your purchasing card as a method of payment.

5.4 Seizure Items ([RCW 69.50.505](#))

The Port Townsend Police Department follows their Asset Forfeiture Policy (Policy 601) in regards to the authority and procedures for the seizure, forfeiture and liquidation of property associated with designated offenses.

5.5 Surplus of Real Property (Land)

The City Council shall make all decisions that relate to surplusage of real property in accordance with [Chapters 35.94](#) and [39.33 RCW](#) and whether property should be designated to meet affordable housing needs and surplused or retained for that purpose. Because real property should perform a valuable public function, the City Council should consider both current use and any foreseeable future use when surplusizing real property.

Pursuant to [PTMC 3.44](#), affordable housing needs will be considered before surplusizing public lands.

The City Council shall hold a duly-noticed public hearing prior to disposing of real property or designating that the property may meet affordable housing needs and be surplused or retained for that purpose. All procedural guidelines shall be followed in accordance with the code.

6.0 Purchasing Cards

6.1 Purchasing Cards as a Method of Payment

In accordance with [RCW 43.09.2855](#), local governments are authorized to use credit cards or procurement cards for official government purchases and acquisitions.

The City of Port Townsend's purchasing card program has been established to provide a convenient, efficient means to purchase commodities and services from vendors and reduce the costs associated with a purchasing process. The City has obtained purchasing card participation in the statewide contract with US Bank as administered by the Washington State Department of Enterprise Services (DES). A benefit of using the contract is that it allows the City to earn a quarterly rebate based on the volume spent and timely payment.

Tips & FAQs

CDL licenses and renewals and work boots should be purchased initially by the employee. The receipt for these items should be submitted to the employee's manager for reimbursement.

The program is designed to empower employees to purchase items needed for operational City business. It is a method used to pay for purchases and is not meant to circumvent the purchasing policies or bidding procedures.

6.2 Purchasing Card Administration

Purchasing cards (p-cards) are administered by the Finance Department. The purchasing card program administrator maintains the accounts and is authorized to make necessary changes and updates, corresponds with the bank to resolve issues, orders p-cards, reconciles purchases made during the billing cycle to the bank statement, verifies accuracy of supporting documents and signatures, maintains records, and assures timely payment.

All purchasing cards will have the "City of Port Townsend" embossed on the card with the cardholder's name. **It is not permitted to allow anyone other than the cardholder to use a card to make purchases.**

Approval to participate in the purchasing card program will be determined by the applicable department head. **It is recommended that employees complete their initial probationary period before being eligible to have a purchasing card issued to them. (Exceptions to this may be made with authorization from the Finance Director or Finance Manager).** Prior to releasing the purchasing card to the employee, the cardholder will:

1. Attend training to cover the City's purchasing policies and procedures.
2. Attend training to cover p-card procedures for US Bank Online purchasing card transaction management.
3. Acknowledge they have received, read and understood the City's Purchasing Policy and Procedures Manual by signing a **Cardholder's Agreement Form.**

Department heads or their designees will ensure employees approve their charges and submit the proper supporting documentation, assign correct fund and account numbers (BARS Codes) and descriptive information for each charge, approve the charges online, print activity statements, and submit paperwork to the program administrator in Finance within five days of the billing cycle close date. **Failure to comply with these policies and procedures may result in suspension of an employee's privilege of using a City issued purchasing card. Improper use of the p-card may result in disciplinary action up to and including termination of employment.**

6.3 Authorized Charges and Uses

As authorized, employees will use their p-cards at time of purchase for operational materials, supplies, small equipment, postage, subscription services, professional memberships, ordinary maintenance, services, CDL physicals, and authorized business travel expenditures. (Please see the City's Guidelines for Employee Travel for detail on authorized travel expenditures).

Purchasing cards may be used at any vendor that accepts VISA credit.

When making a purchase:

- The cardholder must obtain a vendor's register receipt or invoice (Proof of Purchase). Packing slips and statements are not substitutes for receipts or invoices.
- Register receipts and invoices should include transaction detail such as date of purchase, a description of each item, tax, shipping, and total. If the vendor does not issue a detailed receipt, it is the employee's responsibility to write a description of the purchase(s) on the receipt.
- If a receipt is lost or the cardholder is unable to obtain a receipt, a **"Declaration of Lost Invoice" Form** must accompany the reconciled statement in place of the receipt. Employees who routinely do not submit actual invoices/receipt may have their purchasing card benefits suspended.
- Follow the purchasing requirements outlined in the Purchasing Policies and Procedures Manual.

6.4 Unauthorized Purchases

Cardholders must comply with the State bidding and purchasing laws and the City's Purchasing Policies when using a purchasing card.

Examples of unauthorized uses and purchasing include:

- Personal purchases of any kind
- Cash advances through ATMs or banks
- Cash refunds for returned items
- Items restricted by City policy or State law, such as alcohol, tobacco, and entertainment
- Any items from vendors restricted by the Finance Department, a department head, or the City Manager

Examples of inappropriate uses:

- Any purchase in which the purchasing card is used to circumvent City or State policies, bid limits, or a cardholders personal purchasing limit.
- Any purchase made on a cardholder's account by someone other than the cardholder.

6.5 Returns and Exchanges

Cardholders are responsible for contacting the vendor when supplies, equipment, and services purchased with the p-card are not acceptable (incorrect, damaged, defective, not received) and for arranging a return for credit or exchange.

- If items are returned for credit, the cardholder is responsible for obtaining a credit receipt from the vendor to include in the monthly purchasing card reconciliation.
- If items need to be exchanged, the cardholder is responsible for returning the items to the vendor and obtaining a replacement as soon as possible.
- If items are disputed, the cardholder is responsible for resolving any disputes directly with the vendor. If resolution is not possible, contact the Program Administrator.

6.6 Account Maintenance

Online account maintenance:

US Bank Online account maintenance is the responsibility of the cardholder. If an employee is locked out of their account, they should contact US Bank directly. The customer support number is listed on the back of the purchasing card. Please see the **US bank Purchasing Card Instruction Guidelines** for online account maintenance or call the purchasing card administrator in the Finance Department.

Name changes:

Changes to a cardholder's name should be reported to the program administrator. A new card will be issued in the employee's name. The cardholder should surrender the old p-card to his or her department head or to the program administrator.

Lost or stolen card or fraud detection:

Cardholders are responsible for their own card security. In the event the cardholder loses their card, suspects fraudulent activity on the card, or the card is stolen, they should contact US Bank immediately. In addition, the cardholder should contact the program administrator.



Termination of employment or revocation of purchasing card privilege:

Cardholders must turn in their purchasing card to their department head, Human Resources, or the program administrator in the event they terminate their employment with the City, or they have had their purchasing card privileges revoked.

Spending Limits:

Spending limits will be requested by the applicable department head and approved by the Finance Department. In general, authorized spending limits will be established as follows (single transaction limit/monthly cycle limit):

- \$5,000/\$5,000 – department heads and purchasing card program administrator
- \$2,500/\$5,000 – department managers, supervisors, department purchasing designees
- \$1,000/\$2,500 – maintenance and operator staff
- \$500/\$1,500 – others as assigned.

Exceptions to these general guidelines will be reviewed at the request of the applicable department head.

7.0 Definitions and Acronyms

A&E: Architectural and engineering services; includes land surveyors and landscape architects.

Appropriation: City Council authorization to expend funds for a specific purpose.

Bid: A written proposal submitted by a vendor or contractor to furnish supplies, materials, equipment, or services in conformity with the City's specifications included in a request for bids by the City.

Bidding: Procedure used to solicit quotations on price from various prospective providers of supplies, materials, equipment, or services.

Bid Evaluation: A review of bids/proposals received as a result of a competitive process to determine bidders' responsibility, responsiveness to requirements, and to determine the successful bidder(s).

Bid Opening: The official process in which sealed bids are opened, usually in the presence of one or more witnesses, at the time and place specified in the invitation for bid. Each bid is logged, and bids are made available for public inspection only after award of the contract. The bid opening must be open to the public.

Bid Deposit (also called a bid bond): A deposit in the form of a cashier's check, postal money order, or surety bond equal to 5% of the amount of the bid. Required for all formally bid public works projects.

Bid Splitting: Breaking a public work project or purchase into segments. The City may not split a project or purchase to avoid compliance with bidding statutes ([RCW 35.23.352\(1\)](#)).

Capital Equipment: Equipment of the City having an initial value of one thousand (\$1,000) or more and an estimated useful life of three or more years.

Change Order: An amendment to a public works contract, signed by both parties and outlining the mutually agreed upon changes to contract time, payment amount, or scope of work, as applicable.

Contract: A legally binding and enforceable written agreement between two or more parties stating the terms and conditions for an exchange of something of value (usually money, goods, or services) between parties. The Legal Department should be contacted if there is uncertainty as to the need for a written contract and how to go about it.

Contractor: Individual, company, corporation, firm, or combination, with whom the City develops a contract for the procurement of goods and services.

Cooperative Purchasing (also called piggybacking): The action taken when two or more entities combine their requirements to obtain advantages of volume purchases including administrative savings and other benefits.

DES: Washington State Department of Enterprise Services.

Delivery Terms: Conditions in a contract relating to freight charges, place of delivery, time of delivery, or method of transportation.

Effective Date of Contract: The date on which the contract starts.

Emergency: Unforeseen circumstances beyond the control of the agency that 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.

Emergency Purchase: A purchase in which the normal competitive purchasing procedures have been waived by a declaration of emergency issued by the City Council or City Manager.

Encumbrance: Interchangeable with “purchase order.”

Equitably distribute opportunities: Means that the local government may not favor certain contractors on the appropriate small works roster over other contractors on the same roster who perform similar services.

Formal Competitive Bid: The process of advertising and receiving sealed written bids from prospective vendors or contractors. The selection of the vendor or contractor is primarily based on the lowest cost from a responsible vendor.

General Services: Interchangeable with “purchased services.”

Goods and Services: Material, supplies, services, and equipment offered for purchase by a vendor or contractor and required by an agency to accomplish continuing and necessary functions.

Informal Solicitations: Price quotes from vendors that are obtained using a variety of mediums such as phone, fax, email, or writing. Results must be documented and submitted to the Finance Department to obtain a purchase order (encumbrance). The selection of the vendor is based on lowest cost from a responsible vendor.

Interlocal Agreements: The exercise of governmental powers in a joint or cooperative undertaking with another public agency.

L&I: Washington State Department of Labor and Industries.

MRSC: Municipal Resources and Services Center. A Washington-based non-profit that provides information and educational services to local government agencies. The City of Port Townsend uses MRSC’s vendor, consultant, and small public works rosters.

Ordinary Maintenance: Defined by [WAC 296-127-010](#) as: “ work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, monthly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.”

Personal Services: Interchangeable with “professional services.”

Prevailing Wage Rate: The rate of hourly wage, usual benefits, and overtime paid in the locality to the majority of workers, laborers, or mechanics in the same trade or occupation; required to be paid on all public works and public building service maintenance contracts. These rates are set by L&I.

Professional Services: Services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature and do not include architectural and engineering (A&E) services. Examples of personal services include accounting, legal, comprehensive planning, and real estate services.

Proposal: An offer to perform a contract to supply goods or services in response to a request for proposal (RFP).

Purchase: The buying, leasing, renting or lease-purchasing of goods or services.

Purchase Order (also called encumbrance): A form issued by the Finance Department or Legal Assistant, which reserves the purchase amount in the applicable fund and can sometimes serve as a written request to a vendor to provide the item being purchased.

Purchased Services (also called general services): Services that are generally routine, repetitive, or mechanical in nature and support the City’s day-to-day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services.

Public Work: A project including all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the City. Public work projects include the related materials, supplies, and equipment to complete the project.

Purchase Order (Encumbrance): Official document used in authorizing the encumbrance of City funds toward a purchase.

Quotation: An offer, including price, to perform a contract to supply goods and/or services in response to a request for quotation.

Request for Proposals (RFP): A process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based on suitability, practicality, quality of the proposal, experience, and cost.

Request for Qualifications (RFQ): a request for only a firm’s general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ doesn’t not including pricing information.

Requisition Form: A standard form providing detail information as to quantity, description, estimated price, vendor, fund account, signature, and other information necessary to make a purchasing decision.

Responsible Bidder: Contractor, supplier, or vendor who is determined to be qualified to provide services or goods to the City based on the criteria in [RCW 39.04.350](#).

Responsive Bidder: An entity whose bids conforms in all material respects to the terms and conditions, the specifications, and other requirements of a solicitation.

Sealed Bid (Formal Bid): An advertised solicitation for a requirement in which the cost exceeds the bid limit. The bids are opened during a public opening.

Sole Source (also called a single source purchase): An exception to competitive bidding. A purchase of goods or services that is clearly and legitimately limited to a single source of supply in which the purchase price may be best established by direct negotiation.

Solicitation: Notification to prospective bidders about a future project or purchase, with a request for competitive bids, quotes, or proposals.

Splitting: The separation of continuing/repetitive requirements for the same good or service into several purchases to avoid dollar limitations or competition.

Small Works Roster: List of contractors by work category who have registered with MRSC and requested to be notified by the City about upcoming projects or purchases and bid opportunities.

Specification: A clear, complete, and accurate statement of the technical requirements descriptive of a material, item, or service.

State Contract: Contracts for goods or services administered by the Department of Enterprise Services on behalf of agencies. The contract document will identify the conditions under which usage by agencies is allowed.

Subcontractor: A person or business that is, or will be, providing or performing an essential aspect of a contract under the direction and responsibility of the primary contractor.

Supplier: A vendor of purchased goods and services.

Surplus Property: Personal property belonging to the City for which the City has no further use.

Vendor: A provider of materials, supplies, goods, or equipment.