

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Purchasing Services Division
DEPARTMENT:	Finance
PRESENTED BY:	Debbie Tarry, Finance Director Cathy Robinson, Purchasing Officer

PROBLEM/ISSUE STATEMENT:

This is an opportunity for staff to provide information to the City Council about the City's purchasing division including its functions and responsibilities. There is no action required by the City Council as the intent of this agenda item is to provide information.

INTRODUCTION

The City's Purchasing Services division is part of the City's Finance Department. The division consists of 1.75 full time equivalents (FTE). The staffing is a Purchasing Officer, Cathy Robinson, and a Purchasing Technician (.75 FTE), Janet Bulman. The Purchasing Division's 2010 budget is \$163,128, of which 92% is related to the division personnel. The purpose of Purchasing Services is to provide City departments with knowledge and resources to obtain goods and services for the best value, while complying with applicable Federal, State and City procurement regulations. Purchasing also assists with the disposition of equipment and vehicles that have expired their useful life and/or are no longer needed by departments.

The following is a snapshot of the activity level of the Purchasing Division in 2009.

Items	Number
Purchase Orders Issued and Orders Placed using City Purchasing Cards	600
Bid Document Review and Bid Awards	15
Assistance to Departments with Request for Proposals or Requests for Qualifications	7
Contract Compliance and Close Out	44
Bid Protests	1

The purchasing division supports the operating departments in several different ways. These include:

- Guidance and compliance with applicable Federal, State, and City procurement regulations.

- Providing consistency with acquisition processes by having documented purchasing practices, contract templates, and providing training to departments on purchasing policies and processes.
- Recognizing volume buying opportunities by looking at the acquisition needs of common products and services across departments.
- Providing guidance to departments in the areas of prevailing wages, bonding, and insurance requirements.
- Implementation of purchasing efficiencies such as the procurement card program which reduces the need for individual payment to vendors and provides the opportunity for rebates to the City. In 2009 the City received \$6,900 in rebates through the procurement card program.
- Coordination of joint purchasing opportunities through other state and local government cooperative purchasing agreements.

To measure the effectiveness of the purchasing division with other departments, the purchasing division participates in a formal internal customer service survey bi-annually. The last survey was completed in 2008 with 94% of respondents rating the Purchasing Division Services as good or excellent. This was a 6% increase from the 2006 survey when the rating was 88%.

DISCUSSION

Often purchasing is thought of buying “stuff” – with stuff being goods and services. The Purchasing Division actually does more than buy goods and services as they provide a framework for departments to acquire the goods and services needed to deliver services to the community. This framework is important in the public sector since purchases are made with tax dollars and therefore the purchase of goods and services must take place within a prescribed framework of law designed to protect the public interest. Government bids, purchase orders or contracts, and other purchasing documents are public records.

Acquisition of Goods and Services – Purchasing Policies

The City’s acquisition of goods and services is governed by a both State law and City policy. Statutes governing purchasing are intended to ensure that quality projects, goods and services are purchased at the best value. Other goals are to reduce, if not eliminate, the potential for bias and conflict of interest. Competitive acquisitions, which require open public processes have been determined by the legislature to be the best way to accomplish these goals.

The City’s purchasing policies, which are documented in Shoreline Municipal Code (SMC) Section 2.60 (Attachment A), provide the acquisition method and process that staff must follow when purchasing goods and services. The City Council amended the purchasing policies in November 2009 with adoption of Ordinance No. 561 (Attachment B) as a result of changes in State law. Ordinance No. 561 has not been codified, since code updates are done quarterly, so those changes are not reflected in Attachment A. The City’s policies reflect State law when it has been dictated and in cases where there are no requirements established by law the policies establish the procedures and authorization that City staff must follow. The City’s policies try to create a balance of

meeting the goals of value and fair competition with the need to deliver services efficiently.

Local government purchases are generally categorized as: equipment, material and supply purchases; public works contracts; and services. The following sections further explain the City's purchasing policies in each of these areas.

Equipment, Materials, Supply Purchases (SMC 2.60.50)

This category refers to items that are not related to public works contracts, which is discussed later. State law allows the City Council of a code city over 20,000 in population, which is the category Shoreline falls in, to establish its own purchasing policies. The City's adopted policies apply to the cost of individual items or the sum of the same items purchased at the same time for a specific purpose. The City's policies use the cost of items to establish the acquisition method and authorization requirements for this category. The following table summarizes the City's policies.

Cost	Acquisition Method	Authorization
\$5,000 or less	Administrative selection by departments	Departments
Purchase Orders Required for all of the following:		
\$5,001 to \$25,000	3 Informal Quotes	Departments
\$25,001 to \$50,000	3 Written Quotes	Finance Director or City Manager
\$50,001 to \$100,000	Formal Competitive Bid Process	City Manager
\$100,001 or Greater	Formal Competitive Bid Process	City Council

The purchasing division assists departments in developing bid documents and oversees the bid processes when required. The City's policies, and State law, allow the City to purchase off of other contracts that have been established by public agencies that have used a competitive bid process that meets the City's requirements. This is called "piggybacking." This allows us to continue to make cost effective purchases without incurring the cost of developing and advertising bid documents ourselves.

Public Works Contracts (SMC 2.60.060)

State law governs most of the requirements related to awarding public works contracts. The term "public work" is defined by State law as "... all work, construction, alteration, repair or improvement other than ordinary maintenance executed at the cost of the state or of any municipality..." State statutes fail to define ordinary maintenance, but Washington Administrative Code (WAC) 296-127-010(7)(b)(iii) contains the definition of ordinary maintenance that has been used when determining if a contract is to be considered a "public work". The definition of ordinary maintenance used in the WAC is "... 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."

Once it is determined that a project is not "ordinary maintenance" then to correctly apply State law the total cost of each project or purchase must be estimated. This includes all materials, supplies, equipment, and labor on the construction of the project and applicable sales tax. Public works contracts are awarded based on lowest cost of qualified bidders/vendors.

State law has divided public works projects into two categories – those that cost more than \$300,000 and those that are less than \$300,000. By State law any project that has a cost greater than \$300,000 must be competitively bid. The City has followed this same threshold for determining who can authorize a contract for a public works project in excess of \$300,000. By City policy the City Council must authorize these contracts. The competitive bid process requires written bid specifications including bonding requirements, advertising, public opening of bids and public award of bids.,

Those projects with a cost of less than \$300,000 may be competitively bid or may be awarded through a modified bid process called the small works roster process (RCW 39.04.155). The small works roster is a process through which there is competition for public works contracts following notification, normally through a request for quotes, to some or all public works contractors who have requested placement on a roster kept by the local government agency. The City has adopted a small work roster process and uses a third party shared procurement portal roster maintained by eCityGov Alliance. The City Manager may award these contracts.

State law, and the City's policies, provide an additional exception by excluding bidding requirements for single craft public works projects of \$40,000 or less or multiple craft projects of less than \$65,000. In these cases departments may administratively make a selection from the small works roster.

Services:

Architectural, Engineering, Surveying or Landscape Architectural Services

Contracts for these services are required by State law to be awarded through a quality based selection process with the negotiation of price occurring after the selection. For contracts less than \$50,000 the City's policy allows departments to make a selection from the City's Architectural and Engineering Roster through an informal Request for Qualifications (RFQ) process. The City Manager can authorize these contracts.

In most cases, a contract in excess of \$50,000 requires a formal RFQ process which includes appropriate public notice. The City's policies do allow three instances where the City Manager can waive the formal RFQ process:

- It is in the City's best interest to expedite the acquisition of services;
- There are sufficient consultants on the existing roster who are qualified to perform the service (in this case an informal RFQ process is allowed); or
- A consultant on the City's roster has previously provided quality services related to the project and is qualified to do the current work.

The City Council must authorize contracts in excess of \$50,000 for architectural and engineering services.

Other Services

State law allows cities of the size of Shoreline to establish their own policies for the acquisition of non-architectural or engineering services. The City's policies require that departments develop a scope of services for all service contracts, but allows departments to use an informal process in acquiring services that cost \$50,000 or less. The City Manager is authorized to execute these contracts.

If a contract will be in excess of \$50,000 a formal Request of Proposal (RFP) process is required unless the City Manager waives the requirement as described in the Architectural and Engineering section. A RFP allows price to be part of the consideration in awarding the contract, but does not require that a contract award be based solely on price (bid) or solely on qualifications (RFQ). The City Council authorizes contracts in excess of \$50,000 for services.

Change Orders or Contract Amendments

There are times when a contract for services or for a public works project is amended to either modify the scope of work or allow for an increase in cost because of unexpected events. In these cases the City's policies allow the City Manager to authorize up to \$50,000 for a contract increase unless staff received larger change order authority from the City Council when the contract was awarded. This usually only occurs on large public works contracts. If a larger contract increase is required beyond the \$50,000 delegated to the City Manager then the City Council must approve the increase.

Green Purchasing

The Purchasing Division is currently working with the City's sustainability team to review, and when necessary modify the City's purchasing guidelines, to acquire goods that are environmentally friendly in their use or were produced in ways that had a lower environmental impact. This includes such things as office and cleaning products, vehicles that use sustainable fuels, or computer equipment that has energy saving features.

SUMMARY

Although the Purchasing Division is small, it provides support to multiple departments in acquiring the goods and services that are needed to deliver services to the Shoreline community. This includes acquiring goods and services at the best value with tax payer dollars. The division has helped departments to meet legal requirements that are reviewed annually by the State Auditor's Office. The City has had no audit findings in the purchasing area for the last ten years.

RECOMMENDATION

There is no action required by the City Council. This item is for information only.

Approved By: City Manager  City Attorney ____

ATTACHMENTS

Attachment A – Shoreline Municipal Code 2.60, Purchasing Policies

Attachment B – Ordinance No. 561 which amended SMC 2.60 in November 2009

Chapter 2.60 PURCHASING

Sections:

<u>2.60.010</u>	Purpose.
<u>2.60.020</u>	Policy statement.
<u>2.60.030</u>	Definitions.
<u>2.60.040</u>	General provisions.
<u>2.60.050</u>	Purchase of materials, supplies or equipment.
<u>2.60.060</u>	Public works projects.
<u>2.60.070</u>	Services.
<u>2.60.080</u>	Interlocal joint purchasing agreements.
<u>2.60.090</u>	Real property acquisition.

2.60.010 Purpose.

This chapter is intended to direct the purchase of goods and services at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. The integrity, efficiency, and effectiveness of Shoreline's procurement functions are critical elements of sound government. [Ord. 272 § 1, 2001]

2.60.020 Policy statement.

A. The city desires a fair and open process for procurement of goods and services that is free from the potential for bias and conflict of interest. In addition, the city desires consistent and appropriate practices for solicitations and contracting. All procurements of goods and services shall provide the city with the best quality and best value. All purchases are to be made within budgetary limitations and for the purpose of the goals and objectives approved in the city's budget. Any purchase made that is not within budgetary limits shall be pre-approved through a budget amendment process. All purchases made by the city shall ultimately be approved by the city council through the voucher approval process.

B. The finance department is charged with developing administrative procedures to implement this chapter. Procedures should ensure the fiscal responsibility of the city in expending resources for goods and services for city operations. The procurement procedures of the city shall be based on guidelines provided in the Revised Code of Washington, by the State Auditor's Office, and by Municipal Research Services Center.

C. The purchasing procedures of this chapter govern the purchase of supplies, materials and equipment, nonprofessional and professional services, and public works contracts. These policies establish a small works roster process to award public works contracts. The small works roster procedures are established for use by the city, pursuant to RCW 35.23.352, 35A.40.210 and Chapter 39.04 RCW. Lease of equipment or other personal property shall follow procedures for purchase of goods, with the aggregate of lease payments used in lieu of purchase price. Purchase or lease of real estate, franchise agreements, and intergovernmental or interlocal agreements will be entered into in accordance with state law. [Ord. 272 § 1, 2001]

2.60.030 Definitions.

A. "Professional services" are services provided by consultants that provide highly specialized, generally one-time expertise to solve a problem or render professional opinions, judgements or recommendations. The labor and skill involved to perform these types of services are predominately mental or intellectual, rather than physical or manual. Examples include graphics design, advertising, analysis, financial expertise, accounting, artists, attorneys, bond brokers, computer consultants, insurance brokers, economists, planners, real estate services, etc. This term does not include architectural and engineering services.

B. "Nonprofessional services" are services that are purchased by the city in which the contractor receives specific instructions and guidance from the city and does not meet the definition of professional services, architectural and engineering services, or services required to pay prevailing wages. Examples include machine repair, debt collection services, temporary service agencies, credit card services, equipment service agreements, auctioning services, delivery services, inspections, advertising, etc.

C. "Architectural and engineering services" means professional services rendered by any person, other than a city employee, to perform activities within the scope of the professional practice of architecture (Chapter 18.08 RCW), professional practice of engineering and land surveying (Chapter 18.43 RCW), and/or professional practice of landscape architecture (Chapter 18.96 RCW).

D. "Ordinary maintenance" is work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, seasonally, semiannually, but 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.

E. "Public work," as defined in RCW 39.04.010, means a complete project, and includes all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the city or which is by law a lien or charge on any city property. Public work projects include the related materials, supplies and equipment to complete the project. Public works include contracts for maintenance of city facilities or real property.

F. "Small works roster" is a roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is \$200,000 or less, a city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.

G. "Request for proposals (RFP)" means a process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are then evaluated based on the idea, including originality, suitability, practicality, expertise, etc. Proposals may be selected based on the quality of the proposal, and to a lesser extent, experience, cost, and references.

H. "Request for qualifications (RFQ)" means a process that requests interested consultants to submit a letter of interest and a statement of their qualifications. Consultants are evaluated upon their qualifications, expertise, and references. Cost cannot be a consideration until after a consultant has been selected at which point the price may be negotiated.

I. "Informal competitive quotes" are price quotes from vendors that are obtained using a variety of mediums such as phone, fax, e-mail, or writing. Results must be documented and submitted with a purchase order request or with an invoice for direct pay. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.

J. "Formal competitive bid" is the process of advertising and receiving sealed written bids from perspective vendors. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.

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

L. "On-call contract" means a contract that is awarded with general provisions for the services to be rendered. As services are to be rendered, specific task orders are initiated that are to be completed by the contracting firm.

M. "Interlocal agreements" are the exercise of governmental powers in a joint or cooperative undertaking with another public agency. Purchase of supplies, equipment or services from another public agency which is not an exercise of the city's governmental powers is not an interlocal agreement and shall be approved under SMC 2.60.050 or 2.60.070. [Ord. 446 § 1, 2007; Ord. 335 § 1, 2003; Ord. 302 § 1, 2002; Ord. 272 § 1, 2001]

2.60.040 General provisions.

A. Federal or State Funds. When a procurement involves the expenditure of state or federal funds or grants, purchasing shall be conducted in accordance with any applicable federal or state laws or regulations.

B. Breaking Down or Splitting Purchases. The breaking down, or splitting, of any purchase or contracts into units of phases for the purpose of avoiding the maximum dollar amount is prohibited.

C. Emergency Procurements. Notwithstanding any other provisions of this chapter, the city manager or his/her designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this section when there exists a threat to public health, welfare, or safety or threat to proper performance of essential functions; provided, that such emergency procurements shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. As soon as practicable, a record of each emergency procurement shall be made and shall set forth the contractor's name, the amount and type of the contract, and listing of the item(s) procured under the contract, which shall be reported to the city council at the next subsequent meeting.

D. Amendments and Change Orders.

1. Amendments or change orders to contracts, including interlocal agreements, which result in the final contract amount in excess of purchase limits identified in this chapter may be administratively approved if the changes are:

- a. Within the scope of the project or purchase;
- b. Executed in writing;

c. The amount in excess of the city manager's purchase limits will not exceed \$50,000.

2. Contract amendments that are strictly a change in contract expiration date may be administratively approved.

3. The value of all change orders will be aggregated, and when any single amendment or combination of change orders on the same project or purchase exceeds the limit under subsection (D)(1)(c) of this section the change must be approved by the city council, except:

- a. For service contracts to accomplish an ongoing city program rather

than a discrete project, the aggregation of administrative change orders shall be recalculated after each contract year;

b. Where the size of the contract makes it probable that administrative change order authority will be quickly exhausted, the city council may, upon recommendation of the city manager, extend the aggregate limits of subsection (D)(1)(c) of this section upon award of the particular contract; and

c. A contract amendment approved by the city council under subsection (D)(3) of this section shall allow new administrative amendments or change orders to the amended contract that satisfy the requirements of subsection (D)(1) of this section.

E. Procurement Methods. Allowable procurement methods include the use of purchase orders, direct purchases (no purchase order), procurement cards, personal reimbursement, petty cash, credit cards, and contracts as long as those procurement methods are used in compliance with these purchasing policies. With appropriate security and internal controls these purchasing methods may be used electronically.

F. Signature Authority. The city manager may delegate the signature authority provided in this chapter to other city employees as deemed appropriate. [Ord. 446 § 2, 2007; Ord. 335 § 2, 2003; Ord. 302 §§ 2, 3, 2002; Ord. 272 § 1, 2001]

2.60.050 Purchase of materials, supplies or equipment.

A. Purchasing Limitations. Purchase limitations apply to the cost of individual items or the sum of the same items purchased at the same time to fulfill a specific business need, which are not part of a public works project as defined by RCW 39.04.010 and these policies. Cost is inclusive of sales tax, delivery charges and any related miscellaneous charges. The city manager may authorize the acquisition of materials, supplies or equipment with a cost of \$100,000 or less.

1. Purchases Equal To or Less Than \$5,000. Purchases of materials, supplies, or equipment, where the cost is \$5,000 or less, do not require any informal or formal competitive quotes or purchase orders. Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the finance director and the city manager.

2. Purchases Greater Than \$5,000 but Less Than \$25,000. Purchases of materials, supplies, or equipment, where the cost is greater than \$5,000, but less than \$25,000 require that the city make every effort to obtain a minimum of three informal competitive quotes.

3. Purchases Greater Than \$25,000 but Less Than \$50,000. Purchases of materials, supplies, or equipment, where the cost is greater than \$25,000, but less than \$50,000 require that the city obtain a minimum of three written informal competitive quotes (excludes telephone quotes) in accordance with procedures adopted and approved by the finance director and city manager.

4. Purchases Greater Than \$50,000 but Less Than or Equal to \$100,000. Purchases of materials, supplies, or equipment, where the cost is greater than \$50,000, but less than or equal to \$100,000 require that the city follow formal competitive bidding processes.

5. Purchases Greater Than \$100,000. Purchases of materials, supplies, or equipment, where the cost is greater than \$100,000 require that the city follow formal competitive bidding processes. The city council shall authorize these purchases based on the results of the formal competitive bidding process and city staff recommendations.

B. Exceptions to Purchasing Limitations. The city manager is authorized to allow open market purchases without obtaining the regularly required competitive quotes

or bids under the following conditions:

1. Surplus or Distress Sale. When it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies or equipment.

2. Auctions. RCW 39.30.045 authorizes the city to acquire supplies, materials, and equipment through an auction conducted by the United States or any agency thereof, an agency of the state of Washington, a municipality or other government agency, or any private party, without quotations or bids, if the items to be purchased can be obtained at a competitive price.

3. Items for Quick Delivery. When the obtaining of competitive bids or quotations will cause delay resulting in an appreciable loss to the city.

4. Interlocal Joint Purchasing Agreements. Materials, equipment, supplies and services may be purchased under RCW 39.34.080 using joint purchasing agreements with a city, county, state or other public agency where bid requirements of this chapter have been followed by the cooperating agency in obtaining bids. Such joint purchasing agreements shall be approved by the city council prior to solicitation of vendors.

5. Sole Source Procurement. A contract for the purchase of materials, supplies, or equipment may be awarded without complying with the bidding requirements of this chapter when the finance director determines in writing, subject to the approval of the city manager, after conducting a good faith review of available resources, that there is only one source of the required materials, supplies, or equipment. The finance director or his/her designee shall conduct negotiations, as appropriate, as to price, terms, and delivery time. A record of sole source procurement shall be maintained that lists each contractor's name, the amount and type of each contract, and a listing of the item(s) procured under each contract.

6. No Bids or Quotations Received. When no bids or quotations are received in response to an invitation to bid or request for quotations, the finance director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid as the city manager or his/her designee deems appropriate.

C. Informal Competitive Quotes.

1. A city representative shall make an effort to contact at least three vendors. The number of vendors contacted may be reduced if the item being sought is only available from a smaller number of vendors. When fewer than three quotes are requested or if there are fewer than three replies, an explanation shall be placed in the procurement file.

2. Whenever possible, quotes will be solicited on a lump sum or fixed unit price basis.

3. At the time quotes are solicited, the city representative shall not inform a vendor of any other vendor's quote.

4. A written record shall be made by the city representative of each vendor's quote on the materials, supplies, or equipment, and of any conditions imposed on the quote by such vendor.

5. All of the quotes shall be collected and presented at the same time to the city manager or designee as appropriate for consideration, determination of the lowest responsible vendor and award of purchase.

6. Whenever there is a reason to believe that the lowest acceptable quote is not the best price obtainable, all quotes may be rejected and the city may obtain new quotes or enter into direct negotiations to achieve the best possible price. In this case, the purchasing officer or his/her designee shall document, in writing, the basis upon which the determination was made for the award.

D. Formal Competitive Bid.

1. General. Unless otherwise specifically approved by the city council, all contracts relating to the purchase of materials, equipment, or supplies where the cost is in excess of \$50,000, shall be by sealed bid.

2. Invitation for Bids. An invitation for bids shall be issued which shall include the specifications and the contractual terms and conditions applicable to the procurement.

3. Public Notice. Public notice of the invitation for bids shall be published at least once in a newspaper of general circulation within the city, not less than 13 calendar days prior to the date set forth therein for the opening of bids, unless for good cause shown, the city council authorizes a different period of time. The public notice shall state the date and time of bid opening. Bids not received by the date and time stated for bid opening will not be accepted or considered.

4. Bid Opening. Bids shall be opened publicly and recorded at the time and place designated in the invitation for bids.

5. Withdrawal of Bids – Cancellation of Awards. Bids may be modified or the bid may be withdrawn by written or telegraphic notice received in the office designated in the invitation for bids prior to the time set for opening. After bid opening, withdrawal of bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence presented in a sworn affidavit or declaration submitted no later than 5:00 p.m. on the first business day after bid opening, that a clerical mistake was made and not a mistake in judgment, and the bid price actually intended. All decisions to permit the withdrawal of bids after bid opening, or to cancel awards or contracts based on bid mistakes, shall be made by the city manager.

6. Award. For purchases less than \$100,000 the bids shall be submitted to the city manager and for purchases greater than \$100,000 the bids shall be submitted to the city council, along with the recommendation on selection of lowest responsible vendor. The award of bid shall be made to the lowest responsible bidder whose bid meets the specifications and evaluation criteria set forth in the invitation for bids. The city may reject all bids at its discretion.

E. Lowest Responsible Vendor. The following factors, in addition to price, may be taken into account by the city in determining the lowest responsible vendor:

1. Any preferences provided by law to local products and vendors;
2. The ability, capacity, and skill of the vendor to perform the contract;
3. The character, integrity, reputation, judgment, experience, and efficiency of the vendor;
4. Whether the vendor can perform the contract within the time specified;
5. The quality of performance of previous contracts or services;
6. The previous and existing compliance by the vendor with laws relating to the contract;

7. Such other information as may be secured having a bearing on the decision to award the contract.

F. Life Cycle Costing. In considering the purchase of materials, equipment, supplies, whenever there is a reason to believe that applying the "life cycle costing" method of quote evaluation would result in the lowest total cost to the city, first consideration shall be given to purchases with the lowest life cycle cost which complies with the specifications.

G. Recycled Products. The city shall also seek to maximize purchase of products using recycled materials and products suitable for recycling, unless the purchase will result in an unreasonable increase in price or degradation of quality or performance over comparable products. [Ord. 335 § 3, 2003; Ord. 302 §§ 4, 5, 2002; Ord. 272 § 1,

2001]

2.60.060 Public works projects.

A. Purchasing Procedures. Public works contracts shall follow bid requirements applicable to code cities with a population in excess of 20,000, as set forth in RCW 35.22.620. Cost for a public works project includes all amounts paid for materials, supplies, equipment, and labor on the construction of that project which is inclusive of sales tax, unless exempted by law.

B. Purchasing Limitations. The city manager may authorize the purchase and execution of public works projects equal to or less than the dollar threshold for small works projects as provided under RCW 39.04.155 as amended.

C. Competitive Bids. "Craft" or "trade" means a recognized construction trade or occupation for which minimum wage categories are established by the Department of Labor and Industries of the State of Washington in the locality of the city's projects or purchases.

1. Projects for single craft or multiple crafts with a reasonably anticipated price equal to or less than the dollar thresholds as provided under RCW 35.22.620, as amended, do not require the use of competitive quotes or bids. Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the finance director and the city manager. All purchases require a purchase order and executed contract.

2. Projects for single craft or multiple crafts with a reasonably anticipated price higher than the dollar thresholds as provided under RCW 35.22.620, as amended, up to \$100,000 shall either use the small works roster or a formal competitive bid procurement process detailed in SMC 2.60.050(D). All purchases require a purchase order and executed contract.

3. Projects with a cost in excess of \$100,000 up to the maximum dollar threshold as provided in RCW 39.04.155, as amended, shall either use the small works roster or a formal competitive bid procurement process. All purchases require a purchase order and executed contract.

4. Projects with a cost in excess of the maximum dollar threshold as provided in RCW 39.04.155, as amended, require a formal competitive bid process. The city council shall authorize these purchases and provide authority for the city manager to execute the related contract. All purchases require a purchase order and executed contract.

D. Small Works Roster. There is established for the city of Shoreline a small works roster contract award process for accomplishment of public works projects with an estimated value threshold as provided under RCW 39.04.155, as amended. The city may create a single small works roster, or may create small works rosters for different categories of anticipated work.

1. Roster List. The purchasing officer shall establish the small works roster or rosters which shall consist of all responsible contractors who have requested to be on the list, and where required by law, are properly licensed or registered to perform such work in the state of Washington. The purchasing officer may use other criteria listed in SMC 2.60.050(E) in determining responsible vendors.

2. Publication. At least once a year, the city shall publish in a newspaper of general circulation within the city the notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. The city may require master contracts to be signed that become effective when a specific award is made using a

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

3. Prequalification and Appeal. Any contractor whose request to be on the list has been denied may appeal, within 10 days after the denial by the purchasing officer to the city manager, and the city manager will make a decision within 30 days of the notice of appeal. Any contractor whose appeal to be on the list has been denied by the city manager may appeal, within 10 days after the denial by the city manager, to the city council, and the city council shall hold a hearing on the issue and make a decision within 45 days of the notice of appeal. A denial that is not appealed or that is appealed and results in a final decision against the contractor, prevents the contractor from applying to be on the list for a period of one year from the initial application.

4. Process. Whenever work that has received city council approval in the current budget, or otherwise been approved by the city council, is sought to be accomplished using a small works roster, a city representative shall obtain telephone, written or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder as follows:

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

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

If the estimated cost of the work is \$100,000 but less than or equal to the dollar threshold for small works projects as provided under RCW 39.04.155, as amended, the city may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The city has the sole option of determining whether this notice to the remaining contractors is made by:

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

ii. Mailing a notice to these contractors; or

iii. Sending a notice to these contractors by facsimile or other electronic means.

c. For purposes of this policy, "equitably distribute" means that the city may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, the city representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project.

d. A written record shall be made by the city representative of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public

Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the finance director and city manager.

C. On-Call Service Contracts. On-call service contracts will be procured with the process identified in subsection D of this section. Individual task orders of on-call service contracts shall not exceed \$50,000.

D. Process.

1. Architectural, Landscape Architectural, and Engineering Services Contracts. Procedures set forth in Chapter 39.80 RCW shall be followed for contracts for architectural and engineering services, as defined in RCW 39.80.020.

a. Roster. Annually the city will publish in advance the anticipated city's requirements for architectural, landscape architectural, and engineering services and its acceptance of statements of qualifications for contractors interested in providing these services.

b. Contracts Less Than \$50,000. Contracts that have an estimated cost of less than \$50,000 can be procured using an informal request for qualification process. This process requires the city representative to develop a written scope of the project and any criteria used to select the service provider and then select a qualified contractor from the city's architectural, landscape architectural, and engineering service roster. If the city representative does not choose to use the appropriate roster, then a formal request for qualification process must be followed.

c. Contracts Greater Than \$50,000. Contracts that have an estimated cost in excess of \$50,000 must use a formal request for qualification (RFQ) process. The development of an RFQ along with the proper public notification shall be made in accordance with procedures adopted by the finance department in the best interest of the city; provided, however, that the city manager may in the following circumstances waive the RFQ process for contracts greater than \$50,000, and allow the acquisition of services from the city's architectural, landscape architectural and engineering services roster:

i. It is deemed in the best interest of the city to expedite the acquisition of services; or

ii. It can be demonstrated that there are sufficient consultants on the roster that possess the required qualifications to perform the scope of work; or

iii. A consultant on the city's roster has previously provided satisfactory service to the city, has previously provided services related to the specific project, and has the qualifications to perform the scope of work.

This process shall be used before any contract which is renewed or extended for an aggregate amount in excess of \$50,000 from the commencement of the contract, whether or not options for additional terms were included in the original contract.

2. Professional and Nonprofessional Services (Excluding Architectural, Landscape Architectural, and Engineering Services).

a. Contracts Less Than \$50,000. Contracts that have an estimated cost of less than \$50,000 can be procured using an informal request for proposal process. This process requires the city representative to develop a written scope of the project and any criteria used to select the service provider. The city representative will use this information when selecting the contractor to provide the services. Multiple proposals are optional and at the discretion of the department director. If multiple proposals are used to make a selection, a standard process must be used for obtaining all proposals.

b. Contracts in Excess of \$50,000. Contracts that have an estimated cost in excess of \$50,000 shall be procured using a formal request for proposal

inspection, and available by telephone inquiry.

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

5. Determining Lowest Responsible Bidder. Where bidders have not been requalified, the city shall award the contract for the public works project to the lowest responsible bidder; provided, that whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the city may call for new bids.

6. Cancellation of Invitations for Quotations. An invitation for quotations may be canceled at the discretion of the finance director. The reasons shall be made part of the contract file. Each invitation for quotations issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations and state briefly the reasons for cancellation.

E. Limited Public Works Process. The city may use the limited public works process to award public works projects as provided under RCW 39.04.155, as amended.

F. Formal Competitive Bid. For public works not using a small works roster, the formal competitive bid process of SMC 2.60.050 (D)(2) through (6) shall be used; provided, the city manager may award contracts of less than \$200,000.

G. Bid Deposit, Performance Bond and Noncollusion Affidavit for Public Works Improvement Projects. Whenever competitive quotes or bids are required, a bidder shall make a deposit in the form of a certified check or bid bond in an amount equal to not less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person.

All public works contractors shall furnish a performance or bond in an amount equal to the total amount of the contract and an executed and notarized noncollusion affidavit on a form approved by the city attorney. In lieu of a performance bond on contracts of \$25,000 or less, per RCW 39.08.010, a contractor may choose to have 50 percent of the contract retained for a period of 30 days after the date of final acceptance. [Ord. 335 §§ 4 – 9, 2003; Ord. 302 § 6, 2002; Ord. 272 § 1, 2001]

2.60.070 Services.

A. Purchasing Limitations. Purchase limitations apply to the cost related to the acquisition of services to fill a specific business need. Cost is inclusive of any required sales tax and related expenses.

1. Contracts or task orders under an on-call agreement to purchase services equal to or less than \$50,000 may be executed by the city manager.

2. Contracts to purchase services greater than \$50,000 shall be authorized by the city council.

B. Contract Required. The purchase of services require that the city enter into a contract for that service, with the exception of temporary employment agency services, and standard services with a total cost of \$3,000 or less in a calendar year, such as auto repair, title reports, printing and messenger/process service.

(RFP) process. The development of an RFP along with the proper public notification shall be made in accordance with procedures adopted by the finance department in the best interest of the city; provided, however, that the city manager may in the following circumstances waive the RFP process for contracts greater than \$50,000:

- i. It is deemed in the best interest of the city to expedite the acquisition of services; or
- ii. It can be demonstrated that specialized expertise, experience or skill is needed for a successful outcome and outweighs potentially lower price proposals; or
- iii. A consultant has previously provided satisfactory service to the city related to the specific project, and has the qualifications to perform the scope of work.

This process shall be used before any contract which is renewed or extended for an aggregate amount in excess of \$50,000 from the commencement of the contract, whether or not options for additional terms were included in the original contract. [Ord. 446 § 3, 2007; Ord. 302 §§ 7, 8, 9, 2002; Ord. 272 § 1, 2001]

2.60.080 Interlocal joint purchasing agreements.

A. Cooperative Purchasing. The city may enter into interlocal governmental cooperative purchasing arrangements with other public agencies similarly authorized under RCW 39.34.030 when the best interests of the city of Shoreline would be served thereby. Any cooperative purchasing agreement shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties and shall be governed by the requirements of state law in regard to competitive bidding, when applicable. The competitive bid process of the original jurisdiction shall substitute for Shoreline's. All interlocal joint purchasing agreements shall be presented to the city council for prior approval. [Ord. 335 § 10, 2003; Ord. 272 § 1, 2001]

2.60.090 Real property acquisition.

A. Real Property – Manager's Acquisition Authority. The city manager or his designee is authorized, in the following instances, to accept by gift or acquire dedications, easements, rights-of-way, fee estates or other interests in real property for use by or on behalf of the city or any department of the city by threat of eminent domain:

1. Minor Acquisitions. Any such acquisition where the purchase price is \$10,000 or less.

2. Approved Projects. Any such acquisition which is part of an approved and funded project included in the city's capital improvement plan or a local improvement district ordered by the council and the cost of the property is \$50,000 or less and does not exceed 10 percent of the fair market value of the property as determined by the city's appraiser or review appraiser. For projects in the city's capital improvement plan, the city manager is authorized to convey city council's intent that these projects will be accomplished with the use of eminent domain if necessary.

All other real property acquisitions will be submitted to the council for approval.

B. Real Property – Manager's Leasing Authority.

1. The city manager or his designee is authorized to execute leases of real property on behalf of the city where the term of the lease does not exceed one year and the consideration does not exceed \$50,000 per year.

2. A lease that exceeds the limits stated in subsection (B)(1) of this section

will be submitted to the council for approval. [Ord. 446 § 4, 2007; Ord. 272 § 1, 2001]

ORIGINAL

ORDINANCE NO. 561

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, REVISING PURCHASING PROCEDURES AND AMENDING CHAPTER 2.60 OF THE SHORELINE MUNICIPAL CODE

WHEREAS, the City Council adopted an ordinance regulating the procurement of goods and services in conformance with state law and recommended business practices; and

WHEREAS, there is a desire to amend the adopted ordinance to facilitate more effective procurement procedures; and

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment. SMC 2.60.060 *Public Works Projects* is hereby amended to read as follows:

[Subsections A-B unchanged]

C. Competitive Bids. "Craft" or "trade" means a recognized construction trade or occupation for which minimum wage categories are established by the Department of Labor and Industries of the State of Washington in the locality of the city's projects or purchases.

1. Projects for single craft or multiple crafts with a reasonably anticipated price equal to or less than the dollar thresholds as provided under RCW 35.22.620, as amended, do not require the use of competitive quotes or bids. Departments are allowed to make these purchases administratively in accordance with procedures adopted and approved by the finance director and the city manager. All purchases require a purchase order and executed contract.

2. Projects for single craft or multiple crafts with a reasonably anticipated price higher than the dollar thresholds as provided under RCW 35.22.620, as amended, up to \$100,000 shall either use the small works roster or a formal competitive bid procurement process detailed in SMC 2.60.050 (D). All purchases require a purchase order and executed contract.

3. Projects with a cost in excess of \$100,00 up to the maximum dollar threshold as provided in RCW 39.04.155, as amended, shall either use the small works roster or a formal competitive bid procurement process. All purchases require a purchase order and executed contract.

ORIGINAL

43. Projects with a cost in excess of the maximum dollar threshold as provided in RCW 39.04.155, as amended, require a formal competitive bid process. The city council shall authorize these purchases and provide authority for the city manager to execute the related contract. All purchases require a purchase order and executed contract.

D. Small Works Roster. There is established for the city of Shoreline a small works roster contract award process for accomplishment of public works projects with an estimated value threshold as provided under RCW 39.04.155, as amended. The city may create a single small works roster, or may create small works rosters for different categories of anticipated work.

1. Roster List. The purchasing officer shall establish the small works roster or rosters which shall consist of all responsible contractors who have requested to be on the list, and where required by law, are properly licensed or registered to perform such work in the state of Washington. The In addition to mandatory criteria for determining a responsible vendor under RCW 39.04.350, the purchasing officer may use add other criteria listed in SMC 2.60.050(E) including the basis for evaluation in determining responsible vendors.

2. Publication. At least once a year, the city shall publish in a newspaper of general circulation within the city the notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. The city may require master contracts to be signed that become effective when a specific award is made using a small works roster. An interlocal contract or agreement between the city of Shoreline and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.

3. Prequalification and Appeal. Any contractor whose request to be on the list has been denied may appeal, within 10 days after the denial by the purchasing officer to the city manager, and the city manager will make a decision within 30 days of the notice of appeal. Any contractor whose appeal to be on the list has been denied by the city manager may appeal, within 10 days after the denial by the city manager, to the city council, and the city council shall hold a hearing on the issue and make a decision within 45 days of the notice of appeal. A denial that is not appealed or that is appealed and results in a final decision against the contractor, prevents the contractor from applying to be on the list for a period of one year from the initial application.

4. Process. Whenever work that has received city council approval in the current budget, or otherwise been approved by the city council, is sought to be accomplished using a small works roster, a city representative shall obtain telephone, written or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder as follows:

ORIGINAL

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

b. Quotations may be invited from all appropriate contractors on the appropriate small works roster. ~~As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. If the estimated cost of the work is \$100,000 but less than or equal to the dollar threshold for small works projects as provided under RCW 39.04.155, as amended, the city may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must also notify the remaining contractors on the appropriate small works roster that quotations on the works are being sought. The city has the sole option of determining whether this notice to the remaining contractors is made by:~~

- ~~i. Publishing notice in a legal newspaper in general circulation in the area where the work is to be done;~~
- ~~ii. Mailing a notice to these contractors; or~~
- ~~iii. Sending sending a notice to these contractors by facsimile or other electronic means.~~

c. For purposes of this policy, "equitably distribute" means that the city may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, the city representative shall not inform a contractor of the terms or amount of any other contractor's bid for the same project.

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

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

5. Determining Lowest Responsible Bidder. Where bidders have not been requalified, the city shall award the contract for the public works project to the lowest responsible bidder;

ORIGINAL

provided, that whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the city may call for new bids.

6. Cancellation of Invitations for Quotations. An invitation for quotations may be canceled at the discretion of the finance director. The reasons shall be made part of the contract file. Each invitation for quotations issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations and state briefly the reasons for cancellation.

E. Limited Public Works Process. The city may use the limited public works process to award public works projects as provided under RCW 39.04.155, as amended.

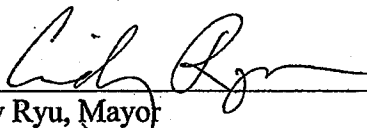
F. Formal Competitive Bid. For public works not using a small works roster, the formal competitive bid process of SMC 2.60.050 (D) (2) through (6) shall be used; provided, the city manager may award contracts of less than \$200,000 the dollar threshold as provided under RCW 39.04.155, as amended.

G. Bid Deposit, Performance Bond and Noncollusion Affidavit for Public Works Improvement Projects. Whenever competitive quotes or bids are required, a bidder shall make a deposit in the form of a certified check or bid bond in an amount equal to not less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person.

All public works contractors shall furnish a performance bond in an amount equal to the total amount of the contract and ~~an executed and notarized~~ a non collusion affidavit declaration on a form approved by the city attorney. In lieu of a performance bond on contracts of ~~\$25,000 or less,~~ less than the dollar threshold as provided under perRCW 39.08.010, as amended, a contractor may choose to have 50 percent of the contract retained for a period of 30 days after the date of final acceptance.

Section 2. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall take effect and be in full force five (5) days after publication.

PASSED BY THE CITY COUNCIL ON NOVEMBER 23, 2009.


Cindy Ryu, Mayor

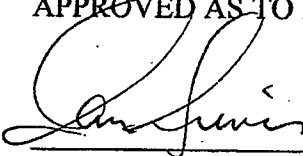
ORIGINAL

ATTEST:



Scott Passey
City Clerk

APPROVED AS TO FORM:



Ian Sievers
City Attorney

Date of Publication: November 26, 2009
Effective Date: December 1, 2009