

**CITY OF STEVENSON
RESOLUTION NO. 2022-393**

**A RESOLUTION OF THE CITY OF STEVENSON REVISING THE PURCHASING
POLICY AND REPEALING RESOLUTION 227 IN ITS ENTIRETY**

WHEREAS, the City has in place a purchasing policy adopted by resolution 227 in 2009; and

WHEREAS, effective July 28, 2019, EESB 5418 increased the day labor and bid limits for code cities to \$75,500 (single craft) and \$116,155 (multiple craft) and increased the small works roster limit to \$350,000; and

WHEREAS, effective August 31, 2020, the micro-purchase threshold for federal contracts was increased to \$10,000 and the simplified acquisition threshold was increased to \$250,000; and

WHEREAS, the City Council finds repealing resolution 227 and adoption of a revised policy to be in the best interest the City.

NOW, THEREFORE, be it resolved that the City Council of the City of Stevenson, Washington, hereby adopts the following policies as described and revised in Exhibit A, attached hereto and incorporated by reference.

APPROVED AND PASSED by the City Council of the City of Stevenson, Washington at its regular meeting this 17th day of February, 2022.

Mayor of the City of Stevenson

ATTEST:

Clerk of the City of Stevenson

APPROVED AS TO FORM:

Attorney for the City of Stevenson

Exhibit A



City of Stevenson Comprehensive Procurement Policy

Approved by Resolution 2022-393

Contents

| | |
|--|----|
| I. PROCUREMENT POLICY SUMMARY TABLE | 3 |
| II. OVERVIEW..... | 4 |
| III. DEFINING THE NEED..... | 5 |
| IV. PURCHASING CODE OF ETHICS | 7 |
| V. PROHIBITED PRACTICES | 8 |
| VI. SIGNATURE AUTHORITY..... | 9 |
| VII. GRANT & FEDERAL FUNDING | 10 |
| VIII. INSURANCE/LICENSES/PREVAILING WAGES..... | 11 |
| IX. INFORMATION TECHNOLOGY (IT)/CONTROLLED COMMODITIES | 13 |
| X. PURCHASE OF MATERIALS, SUPPLIES, EQUIPMENT | 15 |
| A. HOW TO OBTAIN A VENDOR NUMBER | 15 |
| B. PAYMENTS | 15 |
| C. TRAVEL & REIMBURSEMENT POLICY: See Personnel Policy | 16 |
| D. PROCEDURE TO OBTAIN QUOTES (\$15,000 TO \$250,000):..... | 16 |
| E. PROCEDURE FOR FORMAL BIDS or RFPs – Over \$250,000: | 16 |
| F. COOPERATIVE PURCHASING | 17 |
| XI. PURCHASE OF PUBLIC WORK CONSTRUCTION ACTIVITIES..... | 19 |
| XII. PURCHASE OF ARCHITECT AND ENGINEERING SERVICES..... | 24 |
| XIII. PURCHASE OF ORDINARY OR “PURCHASED” SERVICES..... | 25 |
| XIV. PURCHASE OF PROFESSIONAL SERVICES..... | 26 |
| XV. PURCHASE OF PERSONAL SERVICES | 27 |
| XVI. HOW TO LEASE..... | 28 |
| XVII. EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS | 29 |
| XVIII. HOW TO DECLARE A SOLE SOURCE (or Single Source)..... | 30 |
| XIX. DISPOSAL OF SURPLUS PROPERTY..... | 31 |
| XX. TRADE-INS | 32 |
| XXI. FEDERAL CODE OF CONDUCT | 33 |
| XXII. FEDERAL AWARD STANDARDS..... | 34 |
| XXIII. DEFINITIONS | 37 |

I. PROCUREMENT POLICY SUMMARY TABLE

| Procurement Type | Requested (when included in budget) | | | | |
|---|-------------------------------------|----------------|-------------|----------------------|-------------------------|
| | Thresholds | Approval Staff | Approval DH | Award/ Approval CA/M | Award/ Approval Council |
| Public Works | | | | | |
| Public Works – Minimal | <\$10,000 | | | X | |
| Public Works-(Single) | <\$75,500 | | \$50,000 | >\$50,000 | |
| Public Works-(Multi) | <\$116,155 | | \$50,000 | >\$50,000 | |
| Limited PW Process (Part of SWR-min 3 quotes) | \$10,000-\$49,999 | | X | | |
| Public Works-Small Works Roster (All or min 5 quotes) | \$50,000-\$349,999 | | | \$250,000 | >\$250,000 |
| Public Works-Formal Bid Process | >\$350,000 | | | | X |
| Public Works-Formal (If not using Small Works Roster) | >\$75,500/>\$116,155 | | | \$250,000 | >\$250,000 |
| Professional Services | | | | | |
| Professional Services (Architect & Engineer) RCW39.80 | Qualification Based | | | \$250,000 | >\$250,000 |
| Non-Professional (Personal & Purchase of Services) | | | | | |
| Direct Selection/Negotiation | <\$15,000 | | | X | |
| Informal (Min. 3 quotes) | \$15,000-\$250,000 | | | X | |
| Formal Bidding- (not sealed) Request for Proposals | >\$250,000 | | | | X |
| Purchasing (Non-Public Works Related) | | | | | |
| Purchasing-Direct Purchase | <\$15,000 | <\$5,000 | X | | |
| Purchasing-Informal (3 Quotes) | \$15,000-\$250,000 | | \$50,000 | >\$50,000 | |
| Purchasing-Formal -Request for Bids (sealed or not) | >\$250,000 | | | X | |
| <p>Council Reporting: All purchases made and/or contracts executed over \$10,000 and less than Council approval threshold must be reported to Council at their next regular Council Meeting through the Department Head Report or by other means.</p> <p>Cooperative Purchasing: There is no requirement for competition when purchasing from State Contracts or other contracts covered by an interlocal agreement. However, for other than State Contracts, compliance with RCW 39.34 needs to be confirmed. Purchasing approval thresholds apply.</p> <p>Small Works Roster: May be used for public works projects less than \$350,000. Participating pre-qualified contractors in appropriate work category are notified of bidding opportunities. There is no need to advertise projects or have public bid opening. Council awards contracts over \$250,000.</p> <p>Federal Funding: If any federal funds are used, including pass-through grants/loans, please refer to the Federal Code of Conduct and Federal Award Standards sections of the Comprehensive Procurement Policy and follow the requirements set forth in the Federal Procurement table.</p> | | | | | |

II. OVERVIEW

Purpose: The purpose of this document is to implement the requirements of state and federal law regarding procurement and bidding on public contracts for public works, goods, services, supplies and materials. It is the City's policy to follow state requirements regarding the expenditure of public funds, to provide a fair forum for those interested in bidding on public contracts and to help ensure that public contracts are performed satisfactorily and efficiently at least cost to the public, while avoiding fraud and favoritism in their award.

Controlling Laws: The expenditure of public funds for the purchase of, and contracting for, goods, services, supplies and materials, shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC), in addition to any applicable local and federal laws and regulations.

Monitoring and Compliance: The department heads shall implement, monitor, and enforce these policies. In the event of any conflict in procurement requirements or questions about proper procedure or other requirements, the matter shall be referred to the City Administrator for further action. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline. See RCW 39.30.020.

Proper Authorization: Only authorized employees acting within the scope of their authority may obligate the City in the acquisition of goods or services. Any employee purchasing goods on behalf of the City without proper authorization may be personally liable to the vendor and the City, and subject to disciplinary action.

III. DEFINING THE NEED

Before determining the procurement method and approval authority, the type of purchase must be established. The major categories of purchases include:

Public Works: (RCW 39.04)

Includes all work, construction, alteration, repair, or improvement, 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 not specifically defined in RCW 39.04 but is 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 requirements, public works includes ordinary maintenance when performed by contract.

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 between materials, supplies and equipment used in public works contracts as opposed to 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.

Services

Services are the labor, time, or effort of a human being. Distinguishing between services and public works is also important as services may also have different bidding requirements. The City has four classifications of services:

- **Professional Services:**
Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing, or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgement and discretion.
Examples: accountants, attorneys, consultants, graphic artists.
- **Architectural and Engineering Services (A&E Services):**
These services are to be acquired under the authority and procedures outline in RCW 39.80.
Examples: Engineers, land surveyors, architects, and landscape architects.
- **General Services/Purchased Services:**
All other service-related work that is not considered a public work or professional service. Most often these are routine in nature (i.e., yearly, monthly, weekly, etc.)
Examples: Building maintenance, automotive services, and instructors.

- **Technology Systems and Services:**

Any technology hardware or software system purchase or maintenance agreement.

Examples: Computers, tablets, servers, annual licensing agreements, custom or off the shelf software, technology consulting.

Determining the Cost

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

- All construction related work (but not engineering/architectural design fees, as all A&E must be selected based on qualifications before cost is negotiated).
- All phases of the project.
- Any internal permitting costs of the project.
- All applicable sales and use taxes.

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

IV. PURCHASING CODE OF ETHICS

The public must have confidence in the integrity of its government. The purpose of this Code of Ethics is to apply and give guidance to all employees so that they may conduct themselves in a manner which will be compatible with the best interest of themselves and the City of Stevenson.

To instill public confidence in the award of public contracts and the expenditure of public funds, the City adopts the following code of ethics regarding public contracting:

- Actions of City employees will be impartial and fair.
- Government decisions and policies shall be made in compliance with required procedures and within the proper channels of government structure.
- Public employment shall not be used for personal gain, and City employees shall not solicit, accept, or agree to accept any gratuity for themselves, their families or others that would or could result in personal gain. Purchasing decisions shall be made impartially, based upon the City's specifications for the contract and the responses of those bidding on the contract.
- No employee, officer, or agent 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. This conflict of interest extends beyond the individual employee, officer, or agent to include that individual's immediate family members, partner, and other employers.

V. PROHIBITED PRACTICES

- Collusion among bidders. Agreement or collusion among bidders or prospective bidders to either buy or sell in restraint of freedom of competition, be as agreement to bid a fixed price or otherwise, shall render the bids void. Such bidders may be subject to possible exclusion from future bidding with the City when determined by the City Administrator to be in the best interest of the City.
- Disclosure of Formal Bid Contents. Disclosure in advance of opening bids of any information contained in the sealed or formal bid made or permitted by a City Officer or employee may render each bid void by the City. Notwithstanding anything herein to the contrary, bids submitted by bidders taking advantage of any information revealed contrary to this section shall at once become null and void.
- Gratuities. Except for normal business and social courtesies, or donation publicly given and accepted, the acceptance of any gift or gratuity in the form of cash, merchandise, or services of significant value by an official or employee of the City from any vendor or contractor in return for a commitment to continue or initiate a purchasing agreement is prohibited.
- Employee-Owned Business. Generally, City goods or services shall not be obtained from businesses in which City officials, employees or their immediate family members have a majority ownership interest except as allowable by RCW 42.23.030.
- Sale of Materials and Supplies. The City shall not use its purchasing power or lend its credit to acquire goods or services for any private party, nor shall the City sell its materials or supplies to City officials, employees, or the public except when said materials have been declared surplus and disposed of as provided herein.
- Conflict of Interest. An employee is not to participate directly or indirectly in a procurement when they are aware or know there is a conflict of interest.
- Solicitation of Donations. The City will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement.
- Bid Splitting. Issuing several orders under the dollar limit or breaking a project into phases to avoid bidding is against state law. Combine the total of foreseen identical items purchased at the same time or similar items (or items that are used together) within a calendar years' time, in which the cost exceeds competition limits or when it is determined that volume discounts can be obtained by combining City wide usage (i.e., office supplies, laundry services, janitorial paper products, etc.)

All local governments in Washington are subject to the state's Conflicts of Interest statute (Chapter 42.23 RCW). Municipal officers are prohibited from having financial interests in contracts made by or under the officer's supervision or for the benefit of their office. RCW 42.23.020(2) define "municipal officer" broadly and means any city employee acting on behalf of the City. RCW 42.23.020(3) defines "contract" as including any contract, sale, lease, or purchase.

Violating these rules can bring serious penalties, including monetary fines, nullification of contracts, and forfeiture of employment. Common sense can be a good guide in this area of the law, but sometimes gray areas can create confusion and uncertainty. If you are concerned about a specific situation, consult with Legal Counsel.

VI. SIGNATURE AUTHORITY

Department Heads DO NOT have the authority to sign contracts. Only the Mayor, or the City Administrator, as authorized designee, have certain delegated authority to sign contracts. See Definitions Section to determine what constitutes a “Contract.”

The Mayor has ultimate signature authority for the City of Stevenson. As authorized designee, the City Administrator has authority to sign contracts, including Interlocal Agreements, up to \$250,000 and approve all budgeted purchases without dollar limitation.

VII. GRANT & FEDERAL FUNDING

Purchases made or work performed with Federal grant funds must follow the standards identified in the Federal Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Title 2, Subtitle A, Chapter II, Part 200). See Federal Code of Conduct and Federal Award Standards sections for summary requirements.

Please note, the federal government does not recognize Washington State's Small Works alternative procedures or thresholds. **Do not use SWR procedures or thresholds if any federal funding is included or used.**

ALL GRANTS ARE DIFFERENT, so one size does not fit all. Some grants require you to use your own procurement rules, while others require you to insert their contracting clauses into your contract.

Please note that all grant applications, without limitation, must be signed by the Mayor. Additionally, all Federal grant reimbursement requests must be signed by the Mayor, designees are not permitted.

Prior to initiating any purchases or contracts with federal funds, the responsible administrator will document that the procurement complies with the requirements of RCW 57.08.050 and Uniform Guidance (note: the most restrictive procurement method will be used whether it be federal, state, or local law). A copy of the documentation shall be retained in the department files.

VIII. INSURANCE/LICENSES/PREVAILING WAGES

When hiring anybody to do anything for the City, there are FOUR requirements that need to be met.

A. **Certificates of Insurance:**

Before any contractor is allowed to work on City property (no matter the dollar amount of the work), contact the City Administrator to determine if a Certificate of Insurance is required. If required, the contractor must furnish the City with a Certificate of Insurance, naming the City of Stevenson as primary & noncontributory additional insureds with an additional attached endorsement.

Certificates of Insurance are a complex issue, so please contact the City Administrator to discuss Insurance Requirements and what the limits of coverage should be, according to how much risk is involved.

B. **Responsibility Criteria for Contractors:**

- Washington State Contractor's License/Federal Registration – It is unlawful for the City to hire anyone to do construction work on City property that does not have a valid State of Washington Contractor's License. You may look up a Contractor, Electrician or Plumber at the Labor and Industries website, <https://www.lni.wa.gov/>.
- Department of Revenue Business Records Database:
<https://secure.dor.wa.gov/gteunauth>
- Verify Workers' Comp Premium Status: <https://www.lni.wa.gov/>
- Check for debarment:

State of Washington

<https://secure.lni.wa.gov/debarandstrike/ContractorDebarList.aspx>

Federal Contracts – Federal Debarment:

It is unlawful to hire any firm to do business with the City that is not registered and in good standing with the US Government. You can check the status of an entity to see if they have been debarred at <http://www.sam.gov/> . Print out the resulting page (even if no records were found) and file it with your paperwork for audit. Please contact the City Administrator if assistance is needed.

C. **City of Stevenson Business License**

A City of Stevenson Business License is also required for any business working inside the City limits meeting the threshold set forth in SMC 5.04.100(L). The vendor may contact the Department of Revenue at www.dor.wa.gov.

D. **Prevailing Wage Requirements**

Chapter 39.12 RCW is the **Washington State Public Works Act**, also known as the Prevailing Wage Law. This law requires that workers be paid certain hourly wages for all public work and public service maintenance contracts, no matter what the dollar amount!

This Prevailing Wage law was enacted to protect the employees of contractors performing public works construction/maintenance from substandard earnings, and to preserve local wage standards.

The Department of Labor and Industries administers the law; the Attorney General prosecutes violators; and the State Auditor ascertains if our policies, practices, and procedures meet the requirements of the law.

Owners/Operators that do not have any employees do not need to pay themselves prevailing wages, however, they do still need to file Intents and Affidavits with the Department of Labor and Industries and list in section 3 of the form that they are Owner/Operator.

Any worker, laborer or mechanic performing public work must be paid prevailing wages. It does not usually apply to work that is clerical, executive, administrative or professional (grant funded projects may be an exception).

IX. INFORMATION TECHNOLOGY (IT)/CONTROLLED COMMODITIES

The purchasing of hardware, software, licensing, and technical services carries a set of unique requirements, risks, and challenges.

Types of technology (IT) purchases:

| Purchase Type | Definition | Taxable |
|--|--|----------------------------------|
| Hardware | Purchase of computer hardware components | Yes |
| Software-Off the Shelf w/Installation | Purchase of off-the-shelf software including installation. See RCW 39.04.270 | Software-Yes Installation-No. |
| Software-Customized | Purchase of software with programming and customization. See RCW 39.04.270 | No. |
| Annual Maintenance Agreements Hosted Software (SaaS) | Agreement to maintain City systems. IT services and software provided in a hosted, or cloud, environment | Yes Varies |
| Technical/Professional Services | Professional services in support of hardware, software, and networks | No |

Telecommunications and Data Processing

When purchasing telecommunications and data processing (computer) equipment or software costing above \$15,000, the City may follow a “competitive negotiation” process as an alternative to the bid process. RCW 39.04.270(3) allows purchases through use of an alternative competitive negotiation process requiring at a minimum, the following steps:

- A request for proposals (RFP) must be published in the newspaper of general circulation at least 13 days before the last date on which the proposals will be received.
- The RFP must identify significant evaluation factors, including price, and their relative importance.
- The City must provide 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.

Technology Software & Services – Competitive Process

Technology Systems and Services Purchases include any technology hardware or software system purchase or maintenance agreement.

Hardware/Software Annual Maintenance Agreements

There are two types of annual maintenance agreements:

Sole Provider

When annual maintenance of a City system is performed by the sole proprietor, vendor of that hardware/software, and there are no other maintenance providers available, a competitive process is not reasonable. For these situations, annual maintenance agreements are treated as standalone agreements (costs are not aggregated to the original purchase agreements).

If the first year of annual maintenance costs are included in the original purchase, the costs should be aggregated together, because we would not be paying for the annual maintenance without the purchase of the software. The reference to the annual maintenance costs should be included in the Council Agenda when Council approval is required.

Multiple Providers

When there are multiple maintenance providers available for a particular system, and competition clearly exists for the services, a quote or RFP process may be required depending on the dollar amount.

SaaS (Software as a Service) and Hosted Software Agreements

SaaS (Software as a Service) and Hosted Software agreements are IT services and software provided to the City in a hosted, or cloud environment, versus provided on the City's own computer infrastructure (e.g., servers and networks).

Because City data may be handled, accessed, or stored by the SaaS application provider, the security of this data is very important. It is imperative that the City's IT services provider be contacted prior to purchasing any SaaS product. In addition, these agreements may result in a long-term solution for the City and a competitive process may be required regardless of initial cost.

X. PURCHASE OF MATERIALS, SUPPLIES, EQUIPMENT

Unrelated to Services, A&E or Construction/Public Work

Only authorized purchases used to conduct City business, consistent with the City priorities and state and local laws that are within predetermined budgets are allowed.

THRESHOLDS - (per calendar year for one or more identical, similar or like items, and items used in conjunction with one another):

| Purchasing | | |
|--|---|--|
| \$-0- to \$14,999 | Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files. | Staff may approve purchases up to \$1,000; Department Directors may approve purchases up to \$49,999. |
| \$15,000 to \$249,999 | 3 Documented Quotes <i>Phone quotes are acceptable up to \$50,000. Written quotes are required over \$50,000.</i> | Department Directors may approve purchases up to \$49,999; City Administrator/Mayor may approve all purchases. |
| Over \$250,000 | Formal Bid or RFP <i>Sealed bids may be required over \$250,000.</i> | City Administrator/Mayor may approve purchases. |
| Council approves purchases through the expenditure authorization process. City Council pre-approval is not required for budgeted purchases at any dollar amount. Department Directors are required to notify City Council of all purchases made above \$10,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. | | |

All dollar limits include freight, handling, and set-up cost, plus appropriate sales tax. If there will be a trade-in, the dollar limit is off the gross purchase, not the net purchase after trade-in.

Local Business Open Accounts: The City may establish open accounts at local businesses, and purchases on these accounts may be made only by authorized City employees.

A. HOW TO OBTAIN A VENDOR NUMBER

Vendor numbers are assigned through the City’s accounting software. Vendors must be in the system prior to making purchases. To create a new vendor, you must provide the Deputy Clerk-Treasurer I with the vendor’s completed W9. If the vendor is already in the system, is a City employee, council, or commission member, a W9 is not needed.

B. PAYMENTS

Specify where the vendor needs to send an invoice at the time of the order. Utilize the city’s mailing address or for electronic invoices, use the city’s specified “invoicing” email address. **All questions regarding payments should be directed to the Deputy Clerk-Treasurer I.**

CREDIT CARD PURCHASES:

- **All procurement policies still apply.**
- Cash advances are prohibited.
- Expenditures paid with a City credit card shall be made in the amount of the actual expenditures.
- The City Administrator or designee shall serve as the custodian of the City's credit cards.
- Employees not assigned a credit card and desiring to use a City credit card shall request the card through their Department Director. The Department Director shall request an additional account for the employee through the City Administrator.
- Any employee using the City's credit card to make a City purchase shall submit receipts for said purchase to the Deputy Clerk-Treasurer I the next business day that the employee is back in the office.
- **In no event shall the City's credit card be used for the acquisition of alcohol or personal goods or services of any kind.**

C. TRAVEL & REIMBURSEMENT POLICY: See Personnel Policy

D. PROCEDURE TO OBTAIN QUOTES (\$15,000 TO \$250,000):

Department personnel may obtain phone quotes up to \$50,000. Written quotes are required above \$50,000.

- Department contacts three vendors for quotations. Be sure technical information defines acceptable quality and ensure vendors are quoting on equal and comparable items. All vendors must be provided the same information. If one vendor offers an acceptable alternative, **new quotes must be requested, using the alternate specifications.**
- The City will not pay for any technical information from the vendor. If the information is to be shared with other vendors, it must be stated so up front. If you use a vendor's technical information without their approval, you may find yourself in a legal tangle.
- On-site demonstration or delivery of preview/trial merchandise does not constitute a purchase. Competition may still be required.
- Documentation Quotes: Obtain freight pricing (FOB Destination), if not indicated by vendor. Include vendor contact information in case we need to get a hold of them.
- Vendor selection is made based on the recommendation of the requesting department personnel, considering price, quality, and product availability.
- Quote documentation is attached to the invoices and filed for auditing and document retention.

E. PROCEDURE FOR FORMAL BIDS or RFPs – Over \$250,000:

Bids/RFPs are required whenever the cost of materials, supplies, equipment, or *ordinary* services exceeds \$250,000.

Responsibilities for the Bidding/RFP process are that of the Department. The responsibilities are as follows:

- Determine the need.

- Notify the City Administrator regarding any budget transfers to cover the funding.
- Create technical specifications, bid package, and check for legalities.
- Arrange pre-bid conference, if necessary, to invite contractors to discuss bid requirements.
- Advertise the Bid.
- Distribute bid packages to vendors and maintain accurate vendor records.
- *If Bids are sealed: Conduct bid opening with Deputy Clerk-Treasurer II.*
- *If no Sealed: Document bids and do not reveal the contents to other bidders until awarded.*
- Tabulate bids and verify responsiveness.
- **AWARD:** After bids have been opened, recommend award. Bid must be awarded for the most responsive bid from a responsible bidder. If recommendation for award is being made to anyone other than the low bidder, attach memo stating specific reasons why the low bid is not acceptable. RFPs are awarded to the vendor who scored the most points on predetermined criteria.

F. COOPERATIVE PURCHASING

Bids and/or contracts by municipalities and cooperative organizations can be used to acquire goods and services. When using a cooperative option, we are, in essence, “piggybacking” off the original entity’s competitive process, thus eliminating the need to perform our own.

Examples include the Washington State Department of General Administration and the Department of Information Services (DIS), which both offer existing contracts for goods and services that the City may use. The City pays an annual fee to the state for the ability to piggyback off their contracts and encourages the use of these contracts whenever possible.

Other cooperating purchase options include, but are not limited to, Sourcewell (formally National Joint Powers Alliance (NJPA)), U.S. Communities, and Interlocal Agreements with other governmental agencies.

The Competitive Process

| # | Task | Action |
|---|--|--|
| 1 | Confirm the City has a signed Cooperative Purchasing Agreement/Interlocal Agreement with the municipality or agency. | Work with the City Administrator. Execute agreement if necessary. |
| 2 | Review the cooperative contract/website for piggyback requirements. | Work with cooperative agent. |
| 3 | Contact vendor to verify if vendor will honor the cooperative organization’s contract pricing. | Obtain details regarding all aspects of purchasing including invoicing, availability, delivery, etc. |
| 4 | Contact vendor to place order. | Place order and process invoice for payment. |
| 5 | Compile all bid, award, contract documents and save electronically for future audit. | Documentation of compliance with State and City procurement policies. |

Completing the Purchase

- State contracts include standard terms and conditions. When piggybacking off a state contract, all state contract terms and conditions apply.
- Occasionally, the City may opt to change the state's contract requirements which will require the City to use its own Goods & Services Contract identifying those requirements that are unique to the City's purchase.

Approval Process

The use of a cooperative purchase allows the City to utilize another entity's competitive process. It does not change the authorized levels for procurement and approvals. The procurement and approval process will be determined by the purchase type, as defined in this manual.

POOR PERFORMANCE? When things go wrong, do not remain silent! Remember to **DOCUMENT!!** Even if you have had on-going problems with a vendor, we will have a very hard time cancelling a contract or not awarding them a new contract unless we have proper documentation of the problem.

XI. PURCHASE OF PUBLIC WORK CONSTRUCTION ACTIVITIES

Public Work is all work, construction, alteration, repair, maintenance, or improvement that the City has performed or contracted. It includes, but is not limited to:

- Demolition
- Remodeling
- Renovation
- Painting
- Road Construction
- Utilities Construction
- Offsite prefabrication of ducts, liners, and steel products for Public Work
- Production and delivery of gravel, rock, concrete, and asphalt (to a construction site)

Dollar thresholds of when competition is required are summarized below. It is the Department Head's responsibility to appoint who shall order work for their department on the City behalf under the respective quote limits.

THRESHOLDS FOR PUBLIC WORKS:

| Public Works | | |
|------------------------------|--|--|
| \$-0- TO \$9,999 | Competition not required. Prevailing Wage and Insurance still required! | Awarded/Approved by Mayor or City Administrator |
| \$10,000 to \$49,999 | Utilize "Limited Public Works" process as described in RCW 39.04.155 (3). (See procedure below) | Awarded/Approved by Mayor or City Administrator |
| \$50,000 to \$349,999 | Utilize "Small Works Roster" process as described in RCW 39.04.155. <i>If not using SWR, formal competitive bidding is required for Single Craft over \$75,500, and for Multi Craft over \$116,155.</i> | Up to \$250,000 Awarded/Approved by Mayor or City Administrator; More than \$250,000 City Council must award/approve |
| Over \$350,000 | Formal competitive bidding is required as described in RCW 39.04; 35.23.352 | Awarded/Approved by City Council |

A. CITY LABOR FORCE

The City may use Public Work employees to perform and execute all projects not exceeding one hundred sixteen thousand one hundred fifty-five dollars (\$116,155) if more than one craft trade is involved, or not exceeding seventy-five thousand five hundred dollars (\$75,500) if a single craft or trade is involved. These projects include equipment, supplies, and labor costs. All projects conducted with City Labor Force must be documented in a list format for future audit.

B. ON-CALL/UNIT PRICED CONTRACTS

On Call (Work Order) contracts (OC/WO Contracts) are bid and awarded without a specific public works project or scope of work in mind but are categorized around general types of anticipated work or trades. When a specific scope of work is identified, individual work (or task) orders are authorized based on either a not to exceed time and materials basis or on a negotiated lump sum amount, using the unit prices bid by the contractor and the contractor proceeds to complete the work. Most typically, OC/WO Contracts are used for repair, renovation, and maintenance of public facilities, all of which are included in the definition of public works in RCW 39.04.010. These contracts are typically on an annual basis, with optional renewals (up to the maximum contract amount).

Bidding and approval thresholds apply toward the total “master” on-call contract amount. The City Administrator approves individual task/work orders up to \$250,000 with notification to City Council via the City Council Agenda Packet. Task/work orders exceeding \$250,000 must be approved by City Council.

- OC/WO Contracts should be limited to a total dollar amount over the life of the contract to an amount less than an agency’s bid limits when possible.
- Requests for bids under an OC/WC Contract should incorporate unit price and lump sum price bid items as much as practical.
- Award of an OC/WO Contract should be to a responsible contractor with the lowest total price based on the sum of the unit price and lump sum bid item extensions.
- Task orders (work orders) shall be completed by the Department for each new project.
- All other public work requirements apply based on contract amount and on an individual task order basis.
- If the original unit/lump sum bid items will not cover the work to be accomplished, new line items may be added by change orders, or the work may be accomplished under a time and materials work order if the total contract amount will not be exceeded.

C. SMALL WORKS ROSTER

RCW 39.04 provides small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property. The Small Works Roster may be used for public works projects below three hundred fifty thousand dollars (\$350,000).

The Small Works Roster maintained by the City, or the Municipal Research Services Center (MRSC), allows the City to evaluate the professional qualifications on file when a proposed project is scheduled. Use of the Small Works Roster allows the City to preclude the advertisement requirements of the formal competitive process.

Vendors/contractors selected from the Small Works Roster are not relieved from the City's contract requirements.

- For contracts \$250,000 - \$350,000: If the City solicits bids from less than all the contractors listed under the appropriate category on the small works roster, the City will notify the remaining contractors that quotations on the work are being sought. The City may notify the remaining contractors using any of the following options: publishing a notice in a legal newspaper in general circulation in the area where the work is to be done; mailing a notice; or sending a notice by facsimile or other electronic means.
- For contracts <\$250,000: Proposals will be solicited from a minimum of five (5) qualified contractors in a specific category on the small work roster. If the roster includes less than five (5) qualified contractors, then all contractors for the category will be solicited.
- For limited public works contracts < \$50,000: Electronic or written quotations will be solicited from a minimum of three (3) contractors on the small work roster.
- The contract must be awarded to the contractor submitting the lowest responsive quote.
- Contract award and purchases over two hundred fifty thousand dollars (\$250,000) requires approval and award of the City Council.

D. PROCEDURE FOR "LIMITED PUBLIC WORK" per RCW 39.04.155(3) - \$10,000 to \$49,999

For Limited Public Work (\$10,000 to \$49,999), contractors must be given a packet of information ahead of time with requirements about Responsive Bidder's Criteria, Prevailing Wage, Insurance, and some general protective clauses. (See Project Coordinator for Packet)

- Department utilizes the Small Works Roster to obtain vendor list.
- Department solicits at least three (3) informal bids (can notify all on roster).
- No advertisement required.
- Bid Bonds Optional.
- Payment/Performance Bonds can be waived.
- Retainage can be waived.
- Prevailing Wage Intents/Affidavits required.
- Insurance required.

E. PROCEDURE FOR COMPETITIVE BIDS – Over \$350,000 (Also applies to Single Craft projects over \$75,500 and Multiple Craft projects over \$116,155 if alternative SWR process is not used)

- Authorization Request. Request for authorization from City Administrator to call for bids is required except for items identified in the current approved budget. In special circumstances, the City Administrator may waive portions of the bid procedures.

- Publication of Notice. After authorization is received, the requesting department director or designee will publish the Call for Bids in the official newspaper or a newspaper of general circulation most likely to bring responsive bids at least fourteen (14) days prior to bid submittal deadline.
- Notice Contents. Call for bids should contain a summary of the project and a link to the full definite specifications and procedures for bidders to use to estimate their bids.
- Bid Submittal and Opening. Bids are submitted to the City Administrator, for date stamp and processing. Bid opening will be announced to the Mayor, City Administrator and department heads by the department head or designee responsible for the project.
- Award of Bid. Except as otherwise provided herein, the City shall accept the bid of the lowest responsive bidder. Bid awards for contracts and purchases over two hundred fifty thousand dollars (\$250,000) require award by the City Council.
- Award to other than Low Bidder. When the bid award is not given to the lowest bidder, a statement of the reasons for not selecting the lowest bid shall be prepared by the department head responsible for the bid and submitted to the City Administrator and filed with the records relating to the transaction.
- Rejection of Bids. The City Administrator or designee may reject without cause any and all bids and may re-advertise for bids pursuant to the procedures herein described. If no bids are received, the City Administrator or designee may negotiate the purchase with a vendor at the lowest possible cost. If the negotiated bid exceeds the current approved budget, the bid will be brought before the City Council for approval of award.
- Performance Bonds. On public works projects, a performance bond in an amount as determined necessary by the assigned responsible department head to protect the best interests of the City and to assure compliance of the contract.
- Retainage. RCW 60.28.011 requires agencies to withhold up to 5% of the value of a public improvement contract, not including sales tax according to Department of Revenue ETA 3024.2013, as retainage until the project is completed and the contract is accepted. This provides a financial incentive for contractors to finish a project, as well as a limited amount of financial protection for the involved parties.
- Retainage Bonds. Instead of having retainage withheld from the contract payments, a contractor may opt to submit a retainage bond instead of covering any or all of the amount. Retainage Bonds are recommended for City of Stevenson projects.

F. DEPARTMENT RESPONSIBILITIES TO ENSURE PREVAILING WAGE LAW IS FOLLOWED:

- **Prior to getting an estimate or a Quote** – Notify vendor that they are to pay prevailing wages. More information may be obtained by the vendor from the

Department of Labor and Industries. The list can also be obtained online at www.lni.wa.gov/TradesLicensing/default.asp

- **After a Vendor has been selected** – The vendor is required to file a “Statement of Intent to Pay Prevailing Wages” with the Department of Labor and Industries PRIOR TO STARTING WORK. Most vendors file online at <https://lni.wa.gov/licensing-permits/public-works-projects/contractors-employers/#required-documents-for-doing-the-work>

There is a fee that the Vendor will have to pay L&I, and the completed Intents are also available online. Note: The vendor must insert the City Contract number in the contract number box on the Statement form.

- **After the work is completed** – The vendor must also file an “Affidavit of Wages Paid” with the Department of Labor and Industries. There is another fee that the Vendor will have to pay to L&I (L&I has waived this for work <\$750), and completed Affidavits are also available online. Note: The vendor must insert the City Contract number in the contract number box on the Statement form.

Final Payment must not be released until certified intents and affidavits have been received, and for contracts over \$50,000, Notice of Project Completion has been submitted to DOR, ESD and L&I through Secure Access Washington and releases have been received from all three agencies.

G. **CHANGE ORDERS**

A purchaser’s written authority to the supplier to modify or to add to a purchase/project. Change orders are created by the Department/Project designee.

The City Administrator may authorize individual change order increases up to 20% or \$250,000, whichever is less, over the amount of the originally approved contract. Change order must not increase total contract amount to more than the approved budget without Council approval. Change orders more than 20%/\$250,000, and/or those that cause the project to go over the budgeted amount, must receive pre-approval from City Council. Should a change order be required in the field, the Public Works staff acting as project manager may authorize the change if necessary. It must then be dually signed by the City Administrator in a timely manner. If the change order would cause the contract to go over budget or is more than a 20%/\$250,000 increase, the request must be pre-approved by Council and an amended contract may be necessary.

H. **FINAL PROJECT ACCEPTANCE**

The City Administrator is authorized to formally accept all projects as Final. The City Administrator may discretionarily defer any final project acceptance to City Council for approval.

XII. PURCHASE OF ARCHITECT AND ENGINEERING SERVICES

Architectural and Engineering 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 which 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. If the City is unable to negotiate a satisfactory contract with the firm selected at a price the City determines to be fair and reasonable, negotiations shall be terminated, and the City shall begin negotiations with the next highest quality firm. These services are to be acquired under the authority and procedures outlined in chapter RCW 39.80. Procedures set forth in RCW 39.80 shall be followed for contracts for architectural and engineering services.

The City may use MRSC Consultant Roster, or establish its own roster, for architectural, engineering, and surveying services.

THRESHOLDS FOR ARCHITECT AND ENGINEERING SERVICES:

| Architect and Engineering Services | |
|---|---|
| \$-0- to \$250,000 | Awarded/Approved by Mayor or City Administrator |
| Over \$250,000 | Awarded/Approved by City Council |

XIII. PURCHASE OF ORDINARY OR “PURCHASED” SERVICES

“Ordinary/Purchased Services” are those provided by vendors for routine, necessary and continuing functions of a local agency, mostly relating to physical activities. **There are many ordinary services that require prevailing wages – Check with L&I.**

Repetitive, routine, or mechanical in nature – following established or standardized procedures

- Contribute to day-to-day business operations
- Completion of assigned and specific tasks,
- Decision-making is routine or perfunctory in nature.
- May require payment of prevailing wages

Examples include:

- Delivery/courier service
- Building maintenance (janitorial)
- Landscaping
- Herbicide application service
- Vehicle inspection, lubricating and repair services
- HVAC system maintenance service (without repair)

THRESHOLDS FOR ORDINARY OR “PURCHASED” SERVICES:

| PURCHASE OF ORDINARY OR “PURCHASED” SERVICES | | |
|---|---|--|
| \$-0- TO \$14,999 | Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files. | City Administrator/Mayor award and approve |
| \$15,000 to \$250,000 | 3 Written Quotes | City Administrator/Mayor award and approve |
| Over \$250,000 | Formal RFP - May be Sealed or Not - | City Council award and approve |
| Department Directors are <u>required</u> to notify City Council of all services purchased over \$10,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. | | |

XIV. PURCHASE OF PROFESSIONAL SERVICES

“Professional Service Contract” means an agreement with an independent contractor for providing professional services to the City.

There is not a state law requiring competition when procuring Professional Service Contracts, however it is at the City Council’s discretion. On-call contracting may be used for all types of professional services. A minimum of three quotes should be solicited for Professional Services estimated between \$15,000 and \$250,000. An RFP/RFQ process is required when the total cost in a calendar years’ time exceeds \$250,000. The City may use MRSC Consultant Roster, or its own roster, for professional services.

The City Attorney must review, and the City Administrator or Mayor must sign all Professional Services Contracts, regardless of dollar amount in accordance with the previously stated authorization levels set forth below.

Examples include:

- Legal Services
- Management Consulting
- Accounting and Auditing
- Real Estate Broker

THRESHOLDS FOR PROFESSIONAL SERVICES:

| PURCHASE OF PROFESSIONAL SERVICES | | |
|---|---|--|
| \$-0- TO \$14,999 | Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files. | City Administrator/Mayor award and approve |
| \$15,000 to \$250,000 | 3 Written Quotes | City Administrator/Mayor award and approve |
| Over \$250,000 | Formal RFP - May be Sealed or Not - | City Council award and approve |
| Department Directors are <u>required</u> to notify City Council of all services purchased over \$10,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. | | |

XV. PURCHASE OF PERSONAL SERVICES

A “Personal Service Contract” is an **employment contract** with an independent contractor for providing personal services to the City. Personal Service means hiring a consultant to provide professional or technical expertise to accomplish a specific study, project, task, or other work statement according to RCW 39.29.006.

A minimum of three quotes must be solicited for Professional Services estimated between \$15,000 and \$250,000. An RFQ/RFP process is required when the total cost in calendar years’ time exceeds \$250,000. The City may use MRSC Consultant Roster, or their own roster, for professional services.

The City Attorney must review, and the City Administrator or Mayor must sign all Personal Service Contracts, regardless of dollar amount in accordance with the Authorized levels set forth below.

Examples include:

- Artistic Designs
- Class Instructions

THRESHOLDS FOR PERSONAL SERVICES:

| PURCHASE OF PERSONAL SERVICES | | |
|---|---|--|
| \$-0- TO \$14,999 | Competition is not required. Department is encouraged to determine price is fair and reasonable and document in department files. | City Administrator/Mayor award and approve |
| \$15,000 to \$250,000 | 3 Written Quotes | City Administrator/Mayor award and approve |
| Over \$250,000 | Formal RFP - May be Sealed or Not - | City Council award and approve |
| Department Directors are <u>required</u> to notify City Council of all services purchased over \$10,000 at the next Regular City Council meeting, via staff report, as part of the Department Report, or by other acceptable means. | | |

XVI. HOW TO LEASE

1. Bids are *not* required on equipment leases; however, the City Attorney must review, and the City Administrator must approve all equipment leases.
 - a. Legal Review – Send to City Attorney for review.
 - b. Fiscal Approval – Review proposals with the City Administrator prior to budgeting the expense. Lease-to-own purchases are to be budgeted and accounted for as if the total expense is to be incurred when the item is purchased.
 - c. Lease Approval – City Administrator must approve all Equipment Leases and may opt to send lease to Council for approval if they so desire.
2. A lease of property (equipment) with **option to purchase** that is valued at more than \$15,000 is subject to competitive bidding. See “purchasing” thresholds for bidding requirements.
3. Lease vs. Rent: Leasing is generally used for mid- to long-term contracts. Renting is usually a short-term solution that is more casual and can be approved by the Department Head.
4. Leases may be subject to Leasehold Excise Tax. See RCW Ch. 82.29A.

XVII. EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

- **Sole Source Vendor.** Purchases which, by their nature, are not adapted to competitive bidding, such as items which, as to meet a specific need or criteria as determined by the City, may only be purchased from a single source, shall not be subject to the competitive bidding requirements of this policy. Purchases above the threshold requiring multiple quotes or bids, from a sole source vendor require prior approval of the City Administrator or designee. Follow procedures for declaring Sole Source.
- **Repair and Ordinary Maintenance.** Purchases for ordinary maintenance, repairs, or additions to City equipment which may be more efficiently added to by a certain person or firm, shall not be subject to the competitive bidding requirements of the City.
- **Purchasing Involving Special Facilities or Market Conditions.** The City Administrator may waive established bidding requirements if an opportunity arises to purchase favorably priced equipment at an auction or supplies or used goods that will be sold before the City can conduct the bid process when over bid thresholds. Written documentation of the special condition must be prepared for justification of the purchase and waiver of bidding requirements and approved by Council via Resolution.
- **Purchase of insurance or bonds.**
- **Surplus Property.** The City may acquire surplus property from another government without the use of bids (RCW 39.33.010) by agreement.
- **Interlocal Agreements in Letting of Contracts for Commodities or Services (Piggybacking).** RCW 39.34.030 permits governmental agencies to utilize other entities' contracts without going to bid. The following criteria must first be met:
 - There must be an Interlocal Agreement, approved by Council and/or Mayor, and signed by both parties, on file at the City.
 - It must be a current contract with interlocal language included.
 - It must have been advertised on the entity's web page and competitively bid.
 - The government entity, and the vendor, must be willing to share the contract pricing.
 - A complete copy of the contract must have been reviewed by the City Attorney.
 - Department will set up a bid file and track as if it were our own bid process.
- **Emergency Purchases.** In the event of an emergency, the City Council, City Administrator, or designee may declare an emergency exists, waive competitive bidding requirements, and award necessary contracts on behalf of the municipality to address the emergency. If a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the governing body or designee and duly entered of record no later than two weeks following the award of the contract.
- **Real Property.** Acquisition of real property is exempt from the competitive bidding requirements of this policy. Upon approval of the City Council, the City Administrator may proceed to acquire real property through negotiation. Such negotiations shall be based upon an independent fee appraisal of the property. The City shall not pay more than fair market value for real property without prior Council approval. If the property is acquired in part or in whole with Federal Funds, such acquisition shall additionally comply with the Uniform Real Property Acquisition and Relocation Assistance Act of 1970, as amended.

XVIII. HOW TO DECLARE A SOLE SOURCE (or Single Source)

On a case-by-case basis, the bid or quote requirement may be waived, and a sole/single source purchase approved, in accordance with RCW 39.04.280. There should be careful deliberation before going to a sole/single source as this type of purchase eliminates competition and tends to drive prices up.

| Authority to Approve Sole/Single Source Purchases | |
|---|-----------------------|
| City Administrator or Mayor | \$15,000 to \$250,000 |
| City Council | Over \$250,000 |

A sole source is where there is only ONE supplier of the product or service. A single source is where the vendor is “one vendor amongst others” when other competitive sources may be available.

A sole/single source purchase may be approved if one or more of the following conditions are met:

- **Standardization or compatibility** to existing City standard or to existing equipment, inventory, systems, data, programs, or service. Must be evaluated for cost benefit and/or safety.
- **Licensed or patented** product with only one dealer (and the license or patent is paramount to your procurement).
- **Only** authorized Service Provider, Repair, and/or Warranty Services, e.g., warranty may be negated if you let someone else work on it.
- **Unique design:** Requires unique features that are essential, aesthetic requirements, or not practical to match existing design or equipment. Document the unique specifications that are needed, which will drive the research in finding a product that finds the specific needs of your department.
- **Special Market conditions:** Can be used to purchase items at auction (RCW 39.30.045) or other items that are offered at a very favorable piece and will be sold before an entity will have a chance to complete the bidding process (e.g. a flood is coming and you must obtain sandbags immediately) or perhaps funds must be expended immediately, or there is a critical delivery date.

NOTE: Any sole/single source utilizing **Federal Funding** must also confirm it is authorized and include 1) Written responsibility determination for the successful contractor and 2) Basis for contract price (**Cost Price Analysis**). Each Grantee must evaluate and state its justification for the contract cost or price.

XIX. DISPOSAL OF SURPLUS PROPERTY

Upon recommendation of a Department Head, property with an estimated value under \$15,000 may be declared surplus by the Mayor or City Administrator as designee, or by City Council for property with an estimated value of \$15,000 or greater, upon one or more of the following criteria:

- The City has or soon will have no foreseen practical and efficient use for the property.
- The purpose served by the property can be accomplished by use of a better, more effective, or more efficient alternative.
- The purpose service by the property no longer exists as determine by a change in policy evidenced by an ordinance or resolution of the City Council.
- The property is damaged, worn out, otherwise inoperable and the cost of repairing the same is unwise or impractical.
- If the value of the property, the City is seeking to surplus is greater than \$50,000, then pursuant to RCW 39.33.020 a public hearing is required.
- Additionally, RCW 35.94.040 requires that a public hearing be held if property (real estate or personal property) originally purchased for utility purposes is no longer needed for that use and the city desires to lease, sell, or convey the property. A hearing is required regardless of the value of the property.

XX. TRADE-INS

Trade-Ins are allowed on new purchases if approved ahead of time. Trade-Ins must be negotiated, documented at “Fair Market Value” by the Department, and declared surplus ahead of time by the Mayor, or City Administrator as designee, if under \$15,000 and City Council if over \$15,000.

Fair Market Value can be obtained by finding comparable units that have been sold at online auctions, e.g. www.publicsurplus.com, www.ebay.com, www.govdeals.com, or other online sources such as Kelley Blue Book, NADA or Edmonds.com.

XXI. FEDERAL CODE OF CONDUCT

PURPOSE – The purpose of the Code of Conduct is to ensure the efficient, fair, and professional administration of federal grant funds in compliance with 2 CFR 200.112, 2 CFR 200.318 and other applicable federal and state standards, regulations, and laws.

APPLICATION – This code of Conduct applies to all elected officials, employees or agents of the City of Stevenson engaged in the award or administration of contracts supported by federal grant funds.

REQUIREMENTS – No elected official, employee, or agent of the City of Stevenson shall participate in the selection, award, or administration of a contract supported by federal grant funds if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when any of the following has a financial or other interest in the firm selected for award:

- The City employee, elected official, or agent; or
- Any member of their immediate family; or
- Their partner; or
- An organization which employs, or is about to employ, any of the above.

The City of Stevenson’s elected officials, employees or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or subcontractors.

REMEDIES – To the extent permitted by federal, state, or local laws or regulations, violation of these standards may cause penalties, sanctions, or other disciplinary actions to be taken against the City of Stevenson’s elected officials, employees or agents, or the contractors, potential contractors, subcontractors, or their agents. Any potential conflict of interest will be disclosed in writing to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

XXII. FEDERAL AWARD STANDARDS

PURPOSE

Establish and maintain internal controls that provide reasonable assurance that Federal awards are being managed in compliance with all Federal regulations and with the terms and conditions of the award. The City of Stevenson will follow the Uniform Guidance, the Local Agency Guidelines (LAG) distributed by the Washington State Department of Transportation (WSDOT), Government Accountability Office Standards for Internal control in the Federal Government (the Green Book), and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Internal Control – Integrated Framework Principles.

INTERNAL CONTROLS

The City of Stevenson will maintain effective internal control over the Federal award providing reasonable assurance that the City of Stevenson is managing the Federal award in compliance with Federal statutes, regulations, and the terms of the Federal award.

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.

CERTIFICATION

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official, who is authorized to legally bind the non-Federal entity, which reads as follows: “By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise.”

ADVANCE PAYMENTS AND REIMBURSEMENTS

Payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the City of Stevenson whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

- Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the City of Stevenson to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.
- The City of Stevenson shall minimize the time elapsed between receipt of federal aid funds and subsequent payment of incurred costs.

ALLOWABLE COSTS

Federal awards will meet the following general criteria in order to be allowable except where otherwise authorized by statute.

- Be necessary and reasonable for the performance of the Federal award.
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- Be consistent with policies and procedures that apply uniformly to both Federally-finances and other activities of the City of Stevenson.
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Not be included as cost or used to meet cost sharing or matching requirements of any other Federally financed program in either the current or a prior period.
- Be adequately documented.

PROCUREMENT

When procuring property and services under a Federal award, the City of Stevenson will follow 2 CFR 200.318 General procurement standards through 200.236 Contract provisions, or City of Stevenson purchasing procedures, whichever is more restrictive.

Contracts for more than the simplified acquisition threshold currently set at \$250,000 must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.

Contracts and sub-grants of amounts more than \$250,000 requires that the City of Stevenson will comply with all applicable standards, orders and regulations issued pursuant to the Clean Air Act and the Federal Water Pollution Control Act.

Verify and document that vendors are not suspended or debarred from doing business with the Federal government. Federal guidelines require grant recipients to ensure vendors with contracts or purchases exceeding \$25,000 are not suspended or debarred from participating in federal programs. All City purchases and contracts issued from federal resources that exceed \$25,000 are subject to these guidelines.

Before initiating any purchases or contracts with federal funds that exceed, or may potentially exceed \$25,000 within the fiscal year, the responsible administrator shall verify that the vendor is not listed on the System for Award Management (SAM) exclusion list by checking at SAM.gov. If the vendor is listed on the exclusion list, the administrator shall not complete the purchase or contract with the vendor. If exclusion list shows no records for the vendor, print the screen, retain a copy in the department files and proceed to process the purchase.

NOTE: Washington State Department of Enterprise Services (DES) does not check for suspension or debarment on State bid contracts.

SINGLE AUDIT ACT

The City of Stevenson, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in CFR 200.501 as well as all applicable Federal and State statutes and regulations.

CLOSURE

A project agreement end date will be established in accordance with 2 CFR 200.309. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

The following table outlines procurement requirements when using Federal funds.

| Procurement Method | Goods | Services |
|---|---|--|
| Micro-Purchase – No required quotes. However, must consider price as reasonable, and, to the extent practical, distribute equitably among suppliers | \$14,999 or less \$9,999 or less (PW) Must use more restrictive \$3,000 threshold (\$2,000 in the case of acquisition for construction subject to the Davis-Bacon Act) | \$14,999 or less \$9,999 or less (PW) Must use more restrictive \$3,000 threshold (\$2,000 in the case of acquisition for construction subject to the Davis-Bacon Act) |
| Small Purchase Procedures (Informal) - Obtain/document quotes from a reasonable number of qualified sources (at least three). | \$10,000 - \$75,500 (Single trade) \$10,000 - \$116,155 (Multi trade) \$15,000 - \$250,000 (Non-Public Works projects) Must use more restrictive City threshold instead of \$250,000 Federal threshold | \$10,000 - \$75,500 (Single trade) \$10,000 - \$116,155 (Multi trade) \$15,000 - \$250,000 (Non-Public Works projects) Must use more restrictive City threshold instead of \$250,000 Federal threshold |
| Sealed Bids/Competitive Bids (formal) | \$75,500 or more (Single trade) \$116,155 or more (Multi trade) \$250,000 or more (Non-Public Works projects) Must use more restrictive City threshold instead of \$250,000 Federal threshold | \$75,500 or more (Single trade) \$116,155 or more (Multi trade) \$250,000 or more (Non-Public Works projects) Must use more restrictive City threshold instead of \$250,000 Federal threshold |
| Competitive proposals | Used when conditions are not appropriate for the use of sealed bids. <ul style="list-style-type: none"> • Must publicize request for proposals soliciting from an adequate number of qualified sources. • Maintain written method for conducting technical evaluations. • Contract must be awarded to the responsible firm whose proposal is most advantageous to the program. | |
| Non-competitive proposals | Appropriate only when: <ul style="list-style-type: none"> • Available only from a single source; or • Public emergency; and • Expressly authorized by awarding or pass-through agency in response to written request from the City of Stevenson; or • After soliciting a number of sources, competition is deemed inadequate. | |

XXIII. DEFINITIONS

Adequate Appropriation Balance – Sufficient balance existing in the appropriation line item against which the purchase is to be charged.

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

As Is – A term indicating that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the seller for the quality or condition of the goods.

Bid – A written proposal submitted by a bidder to furnish supplies, materials, equipment, and other property in conformity with the owner’s specifications and conditions 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, and other property.

Budget – A legal planning document that forecasts the financial resources of a government and authorizes the spending of those resources for a fiscal period.

Budget Amendment – A mechanism used to revise the legally binding appropriations of budgeted funds.

Capital Equipment – Equipment of the City having an initial value of five thousand dollars (\$5,000) or more and an estimated useful life of more than one (1) year.

Cash Discount – A discount offered to the City to encourage payment of an invoice on or before its due date.

Change Order – A purchaser’s written authority to the supplier to modify or add to a purchase/project.

Contract – A contract is a legally binding and enforceable agreement between two or more parties stating the terms and conditions for an exchange of something of value (usually money, goods, or services) between the parties. A contract can take many different forms, ranging from major, heavily negotiated written contracts to a simple PO or telephone order for goods or services. Legal Counsel should be contacted if there is uncertainty as to the need for a written contract and how to go about it. Only the Mayor and City Administrator, as designee, of the City of Stevenson have the authority to sign contracts UNLESS they have delegated their authority over to an individual via approved Resolution.

Controlled Commodity – Items which may fall under the quote dollar limit that require approval from designated people, i.e., office products, communications equipment, and computer equipment.

Emergency – Unforeseen circumstances beyond the control of the City that (a) present a real, immediate threat to the proper performance of the essential functions; and/or (b) may result in material loss, damage to property, bodily injury, or loss of life, if prompt action is not taken.

Expediting – Attempt to reduce the contractually agreed upon delivery time of a product.

Final Project Acceptance – Formal acceptance that the work on a project is complete. Needed prior to completed Notice of Completion and triggers dates for release of bonds, etc.

Ordinary Maintenance – The furnishing of labor, time, or effort by a contractor or vendor not performed by contract and that is performed on a regularly scheduled basis, to service, check, or replace items that are not broken; or work performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary, and not involving the delivery of any specific end product, other than reports that are incidental to the required performance.

Payment Discount – See Cash Discount.

Personal Service Contract – An employment contract with an independent contractor for the rendering of personal services to the City. The Mayor or City Administrator, as designee, must sign all Personal Service Contracts.

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 work and public building service maintenance contracts.

Professional Service Contract – an agreement with an independent contractor for rendering of professional services to the City. The City does not provide direction to the provider. The City states a goal and objective and the provider, under his own direction, accomplishes the goal.

Public Work – A project including all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the City.

Request for Proposals – Similar to the formal bid process, except that factors other than price are used to award the contract.

Responsible Bidder – Contractor, supplier, or vendor, qualified on the basis that it (1) has adequate financial resources to perform a contract, (2) is able to comply with the associated legal or regulatory requirements, (3) is able to deliver according to the contract schedule, (4) has a history of satisfactory performance, (5) has good reputation regarding integrity, (6) has or can obtain necessary data, equipment, and facilities, and (7) is otherwise eligible and qualified to receive award if its bid is chosen.

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

Simplified Acquisition Threshold – The dollar amount below which a non-Federal entity may purchase property or services using small purchase methods.

Small Works Roster – A process through which there is competition following notification to some or all public works contractors who have requested placement on a roster kept by the local government agency, or a contracted service agency, in which price is the primary basis for consideration and contract award.

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

Standardization – When it is necessary to standardize to one type of item because of uniformity or interchangeable parts issues.