



MONROE CITY COUNCIL

Agenda Bill No. 20-098

SUBJECT:	Resolution No. 011/2020, Updating the City's Procurement Policies and Procedures
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DATE:	DEPT:	CONTACT:	PRESENTER:	ITEM:
07/14/2020	Finance	Becky Hasart	Becky Hasart	Consent Agenda #9

Discussion: 7/14/20

- Attachments:**
1. Resolution No. 011/2020 Repealing and Replacing the City's Procurement Policies
Exhibit A: Clean version of the Policies and Procedures (draft)
 2. Red-lined version of the Policies and Procedures (draft)
 3. 2018 Audit Exit Recommendations

REQUESTED ACTION: Move to approve Resolution No. 011/2020, repealing Resolution No. 005/2018, and adopting a new Procurement Policies and Procedures Manual.

POLICY CONSIDERATIONS

Should the City adopt updated Procurement Policies and Procedures which align the City's policies with state law, State Auditor's Office advice and 2018 Audit Exit Recommendations?

DESCRIPTION/BACKGROUND

The City's current Procurement Policies and Procedures underwent a Comprehensive Update in March 2018. These existing policies have dollar thresholds which do not align with current state law, add additional time and cost to City procurement procedures, and do not allow staff to be as efficient as possible in regards to City operations.

The proposed updates are not a Comprehensive Update, as such an update was recently completed and approved by Resolution 005/2018. The proposed updates will improve operational efficiencies, and align City policies with state law, State Auditor's Office advice and 2018 Audit Exit Recommendations.

The following is a listing of proposed changes to assist Council with its review. The numbering refers to the corresponding section number within the Policies document, and the text is a synopsis of the change(s) associated with that section:

Section #	Change Synopsis
All	Added a footnote detailing the integral nature of definitions and acronyms, and their applicability to the entirety of the policy document.
3	Added definitions for "Newspaper", "Non-Travel Status", "Publication", and "Travel Status".
5	Updated dollar thresholds to match those in Engrossed Substitute Senate Bill (ESSB) 5418.
6	Added "Land Surveying" to the <i>Type of Purchase</i> box to include this service as acknowledged in Revised Code of Washington (RCW) 18.43.



MONROE CITY COUNCIL

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7.1	Added “or publication” to allow for a future potentiality that a publication other than a newspaper will be most likely to bring responsive bids.
8.1	Revised wording to recognize that the City Administrator may choose to delegate approval authorization.
8.1	Added “or publication” to allow for a future potentiality that a publication other than a newspaper will be most likely to bring responsive bids.
8.2	Subsection III, added wording beginning “All bid guarantees...” and ending “...is returned”, to align with State Auditor’s office advice.
8.2	Added second paragraph to incorporate additional operational flexibility allowed to the City by ESSB 5418.
11.2	Added second paragraph to incorporate additional operational flexibility allowed to the City by RCW 70.95(A).
11.6	Recognizing that the City is party to additional Interlocal cooperative purchasing agreements than those listed, removed list of such agreements and replaced with reference to a list of such agreements kept by the Finance Department.
14.1	Updated list of unauthorized usage examples to specify “Travel Status” and “Non-Travel Status” meals.
14.1	To align with 2018 Audit Exit Recommendations, added statement expressly recognizing meals purchased by police officers for individuals in need of outreach as an authorized usage.

As discussed above, the intent of the proposed changes is to bring the City’s Procurement Policies and Procedures into compliance and alignment with state law, State Auditor’s Office advice and 2018 Audit Exit Recommendations. Additionally, the proposed updated policies offer consistency regarding authorization thresholds where state law allows or is silent, and should allow for greater operational efficiencies in bidding and managing the City’s procurement procedures.

FISCAL IMPACTS

None.

TIME CONSTRAINTS

The updates associated with state law, State Auditor’s Office advice, and the 2018 Audit Exit Recommendations should be done as soon as reasonably possible, and would need to be completed prior to the City’s next audit.

ALTERNATIVES

1. Adopt the Resolution and thus the Procurement Policies and Procedures Manual as is.
2. Amend various sections of the Procurement Policies and Procedures Manual prior to adoption.
3. Decline to update the Procurement Policies and Procedures Manual.

**CITY OF MONROE
RESOLUTION NO. 011/2020**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MONROE, WASHINGTON, REPEALING RESOLUTION NO.
005/2018, AND ADOPTING A NEW PROCUREMENT
POLICIES AND PROCEDURES MANUAL

WHEREAS, the City of Monroe (hereinafter referred to as City) requires the ability to let public works projects as allowed by the Revised Code of Washington (RCW); and

WHEREAS, the City requires the ability to enter into personal and professional services contracts as allowed by RCW; and

WHEREAS, the City desires to identify appropriate internal controls and ethical considerations regarding its procurement activities; and

WHEREAS, the City desires to align its Procurement Policies and Procedures with current state law, State Auditor's Office advice, and 2018 Audit Exit Recommendations; and

WHEREAS, the City wishes to conduct its operations in a prudent, efficient, and cost effective manner; and

WHEREAS, the City Council recognizes the appropriate delegation to the administration regarding procurement processes can improve efficiencies; and

WHEREAS, the City previously adopted procurement policies and procedures through Resolution 005/2018.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MONROE, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Repealer. City of Monroe Resolution No. 005/2018 is hereby repealed in its entirety.

Section 2. Adoption of Procurement Policies and Procedures. The City of Monroe Procurement Policies and Procedures Manual, attached as Exhibit A, is adopted in its entirety.

Section 3. Effective Date. The City of Monroe Procurement Policies and Procedures Manual will be effective July 14, 2020.

ADOPTED by the City Council of the City of Monroe, at its regular meeting thereof,
and APPROVED by the Mayor this 14th day of July, 2020.

Approved: July 14, 2020
Effective: July 14, 2020

CITY OF MONROE, WASHINGTON

(SEAL)

Geoffrey Thomas, Mayor

ATTEST:

APPROVED AS TO FORM:

Rabecca R. Hasart, Interim City Clerk

J. Zachary Lell, City Attorney

City of Monroe



Procurement Policies & Procedures

July 14, 2020

Table of Contents

Title	Page #
Policy; Enforceability	1
Definitions and Acronyms	1
General Provisions	3
Purchasing Code of Ethics	3
Controlling Laws	4
Monitoring and Compliance	4
Proper Authorization/Certifications	4
Budget Sufficiency	5
Financing	5
Breaking Down or Bid Splitting Purchases	5
Cost	5
Local Businesses	5
Purchasing Limitations	6
Public Works Projects	6
Change Orders	7
Prevailing Wage Laws	7
Professional and Personal Services	8
Purchases of Materials, Supplies, and Equipment	8
Miscellaneous purchases	8
Bid Procedures	9
Formal Competitive Bid	9
Bid Opening	10
Small Works Roster	11
Limited Public Works Process	12
Exemptions to Competitive Bidding Requirements	12
Single Source/Sole Source	13
Special Facilities or Market Conditions	13
Auctions	13
Surplus Property	13
Emergency Purchases	14
Interlocal Agreements	14
No Bids/Quotations Received	14
Travel	15
Payment Processing	15
Approvals	15
Accounts Payable	15
Pre-Council Meeting Checks	15
Credit Cards	16
Bank Issued Credit Cards/Procurement Cards	16
Store Issued Credit Accounts	18
Petty Cash	18

2 POLICY; ENFORCEABILITY

The purpose of this policy is to implement the requirements of state law and, when applicable, federal guidance with regards to procurement of goods and services and the bidding on public contracts for public works, goods, services, supplies, and materials. It is the City's policy to follow state and, when applicable, federal requirements with regard to 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, waste, and favoritism in their award. For federally funded purchases and contracts, the purpose of this policy is to also insure that there is no abuse of federal funds and that all allowable costs are accorded consistent treatment.

All contract approvals and directly related purchasing actions taken through the effective date of this policy are hereby expressly ratified.

Except as otherwise expressly provided herein, the provisions of this policy are intended solely as a convenience and reference guide for City officials and employees. Nothing in this policy is intended to create any liability for or against the City. Without limitation of the foregoing, nothing in this policy is intended to create any enforceable right, entitlement, or cause of action in or for any third-parties.

3 DEFINITIONS and ACRONYMS

- a. "Architectural and Engineering services" means services rendered by any person, other than a city employee, to perform activities within the scope of the professional practice of architecture RCW 18.08, professional practice of engineering and land surveying RCW 18.43, and/or professional practice of landscape architecture RCW 18.96.
- b. "Bid splitting" means breaking a public work project or purchase of equipment, or supplies into segments. The city may not break a public works project to avoid compliance with bidding statutes. RCW 35.23.352(1).
- c. "Contract" means a contract in writing for the execution of a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in RCW 39.04.155.
- d. "DES" – Washington's Department of Enterprise Services.
- e. "Formal competitive bid" is the process of advertising and receiving sealed written bids from prospective vendors. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- f. "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 to the Finance Department. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.

- g. “Interlocal agreements” are the exercise of governmental powers in a joint or cooperative undertaking with another public agency.
- h. “MMC” – Monroe Municipal Code.
- i. “MRSC” – Municipal Research Services Center.
- j. “Newspaper” – a publication issued at regular intervals, generally daily or weekly, and commonly containing news, comment, features, and advertising.
- k. “Non-Travel Status” – City business or training that does not qualify for travel status or meal reimbursement because it is less than 30 miles or more from their point of origin (City Hall or home, whichever is closer to the destination) and does not require overnight stay.
- l. “Ordinary maintenance” is work not performed by contract and that is performed on a regularly scheduled basis (e.g. daily, weekly, 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.
- m. “OSP” – Washington’s Office of State Procurement.
- n. “Personal services” – interchangeable with professional services – services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature, and they do not include Architectural and Engineering services. Example of services include accounting, legal, comprehensive planning, and real estate services.
- o. “Professional services” – see personal services.
- p. “PSE” – Puget Sound Energy.
- q. “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.
- r. “Publication” – printed or otherwise reproduced textual or graphic material for sale or distribution to the public.
- s. “PUD” – Public Utility District.
- t. “Purchased services” – different from personal services in that these services are generally routine, repetitive, or mechanical in nature and supports the City’s day to day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services. (May include ordinary maintenance.)
- u. “RCW” – Revised Code of Washington.
- v. “RFP - Request for Proposal” means a process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are

evaluated based upon the suitability, practicality, quality of the proposal and experience and cost.

- w. "RFQ - Request for Qualifications" means a request only for a firm's general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ does not include pricing information.
 - x. "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 \$300,000 or less, the city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.
 - y. "Sole Source Supplier" occurs when purchase is clearly and legitimately limited to a single supplier. These situations often arise when an agency has specific technological requirements. Examples include: (a) licensed, copyrighted, or patented products or services that only one vendor provides; (b) new equipment or products that must be compatible with existing equipment or products; (c) proprietary or custom-built software or information systems that only one vendor provides; and (d) products or services where only one vendor meets the required certifications or statutory requirements. (RCW 39.04.280(1)(a)). Requires Council Approval.
 - z. "Travel Status" is defined by the IRS as a time when your duties require you to be away from the general area traveling on city business. To qualify as travel the employee must travel a distance of 30 miles or more from their point of origin (City Hall or home, whichever is closer to the destination), stay overnight and obtain advance approval from the department director.
- aa. "Use Tax" is a tax on the use of goods or certain services in Washington when sales tax has not been paid. Goods used in Washington are subject to either sales or use tax, but not both.
- bb. "WAC" – Washington Administrative Code

4 GENERAL PROVISIONS

4.1 Purchasing Code of Ethics

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

- a) Actions of City employees shall be impartial and fair;
- b) City decisions and policies shall be made in compliance with required procedures and within the proper channels of government structure;
- c) 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; and

- d) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

4.2 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). Where this policy conflicts with state law requirements, the more restrictive provision shall prevail. Where this policy is silent with regards to purchasing and/or bidding requirements, state law shall prevail.

Purchases and/or contracts that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200), hereinafter referred to as the Uniform Purchasing Guidance.

4.3 Monitoring and Compliance

The department director 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 and/or the Administrator's designee for further action. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline (RCW 39.30.020).

In addition to the enforcement of these policies, the department director shall insure that reasonable measures are taken to safeguard protected, personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive or that the City considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality.

4.4 Proper Authorization/Certifications

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/or to the City and subject to disciplinary action.

For federally funded purchases and contracts, 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 agreement must include a certification, signed by an official who is authorized to legally bind the City, 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. (US Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812.)”

4.5 Budget Sufficiency

Each department director must ensure that purchases are initiated only when the departmental budget is sufficient to cover the anticipated cost. Expenditures that exceed departmental appropriations require a budget amendment approved by City Council. Requests for budget amendments must be submitted in writing, and shall be approved by the requesting director or manager and forwarded to the City Administrator and Finance Director for review prior to being forwarded to the City Council for approval.

4.6 Financing

If a department is requesting financing for equipment or vehicles, it is necessary to work with the Finance Director. Financing documentation shall be included as part of the documentation for City Council approval to authorize Mayor or designee to sign loan or bond documents.

4.7 Breaking Down or Bid Splitting Purchases

The breaking down or bid splitting of any purchase or contract into units or phases for the purpose of avoiding the maximum dollar amount is prohibited.

4.8 Cost

Purchase cost includes sales tax, use tax, delivery charges, and any related miscellaneous charges.

4.9 Local Businesses

Local businesses should be encouraged to submit bids on City procurements that are open to everybody. When determining the lowest bid on purchase of supplies, materials, or equipment, the City may, whenever indicated in advance, take into consideration sales and/or B&O tax revenue it would receive from a supplier located within its boundaries pursuant to RCW 39.30.040.

4.10 Purchasing Limitations

- a) Expenditures are required to be included in the annual budget.
- b) Purchase limitations apply to the aggregate cost of individual items, whether purchase in one order or over a series of orders. Cost is inclusive of sales tax, use tax, delivery charges, and any related miscellaneous charges.
- c) The Mayor or designee may execute professional services, and purchase services contracts, up to \$100,000 (one hundred thousand), as long as the contract is consistent with the adopted budget.
- d) Services contracts greater than \$50,000 (fifty thousand) require Council authorization.
- e) Contracts of any amount that are not consistent with the adopted budget require Council approval.
- f) Initial Interlocal agreements of any amount with governmental agencies require Council authorization. The Mayor or designee up to \$50,000 (fifty thousand) may execute renewal or extension of existing Interlocal agreements with governmental agencies, if the agreement's terms address renewal and the agreement is consistent with the adopted budget. All other renewals require Council approval.
- g) The Mayor or designee may present any contract to the Council for approval even if the contract is not required to be approved by the Council.

5 PUBLIC WORKS PROJECTS

The preparation of plans and/or specifications and an estimate of project cost shall be authorized by the Mayor or designee for projects up to \$100,000 and by the City Council for larger projects.

Type of Purchase or Project	Process (see attached matrix* for details)	Other Requirements	Contract Authorization
Projects costing under \$350K	May use Small Works Roster (the City uses the MRSC Rosters RCW 39.04.155)	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit (unless using Small Works Roster) 	<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
Projects costing \$350K or more	Formal bids	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit 	<ul style="list-style-type: none"> • Must be budgeted • Requires Council approval
Projects costing under \$50K (Alternative to the Small Works Roster)	Solicited quotes	<ul style="list-style-type: none"> • Prevailing wage • Contract/ Performance bond required between \$10K to \$40K 	<ul style="list-style-type: none"> • Must be budgeted • Mayor or designee may execute
Projects with costs exceeding \$75.5K for single trade or \$116,155 for multiple trades and less than \$350K	Must call for bids or use Small Works Roster process to solicit quotes	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/ Performance bond 	<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute

		<ul style="list-style-type: none"> • Bid bond/deposit (unless using Small Works Roster) 	<ul style="list-style-type: none"> • All other must be approved by Council
Projects less than \$2,500	One quote needed, two recommended	<ul style="list-style-type: none"> • Appropriate form(s) for prevailing wages • No bond • No retainage 	<ul style="list-style-type: none"> • Must be budgeted • Mayor or designee may execute

*The Public Works Contract Requirements Matrix is adopted by reference as part of this policy and procedure document.

** On contracts of \$150,000 or less, at the option of the contractor, the City may, in lieu of the bond, retain ten percent of the contract amount for a period of thirty days after date of final acceptance, or until receipt of all necessary releases from the department of revenue, the employment security department, and the department of labor and industries and settlement of any liens filed under chapter 60.28 RCW, whichever is later.

Regardless of cost limits, the City may in its discretion solicit formal bids at any time.

Project budget authorization may include a project contingency, not to exceed 20% (twenty percent). If additional budget authority is needed for the project, Council must approve the increase for budget amendment prior to approval of the contract.

5.1 Change Orders

Change orders which fall within the Council approved scope, project budget, and project contingency may be executed by the Mayor or his/her designee. Change orders which would change the scope of the project and/or exceed the Council approved project budget and Council approved project contingency would require additional Council action.

All change orders, regardless of amount, will be reported to Council on a monthly basis.

5.2 Prevailing Wage Laws

Public work projects and maintenance, when performed by contract, are governed by chapter 39.12 RCW, Prevailing Wages on Public Works regardless of contract amount. It is the responsibility of the contracting employee to notify the vendor of prevailing wage requirements and obtain compliance documentation prior to awarding any public work or maintenance contract. Public work and ordinary maintenance contracts will only be awarded to contractors who document compliance with the Washington State Prevailing Wage Law. The department director or designee managing the project is responsible for collecting ongoing compliance documents. If a contractor is found to be in violation of prevailing wage laws by the Department of Labor and Industries, the City will have to withhold payment (including retainage) from that contractor.

6 PROFESSIONAL AND PERSONAL SERVICES

Type of Purchase	Process	Other Requirements	Contract Authorization
Architectural, Land Surveying, and Engineering Services	Request for Qualifications (RCW 39.80)	<ul style="list-style-type: none"> • Publish RFQ • Must evaluate on performance and qualifications • Negotiate contract after selection 	<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
All other personal services	No state law required process		<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council

Any professional and/or personal services contracts not part of the budget, regardless of amount, must be authorized by Council.

7 PURCHASES OF MATERIALS, SUPPLIES, AND EQUIPMENT (not associated with Public Works projects)

Type of Purchase	Process	Other Requirements	Contract Authorization
Items costing less than \$7,500	No state law required process		<ul style="list-style-type: none"> • Must be within department budget • Department director or designee may execute
Items costing over \$7,500 (except equipment and vehicles replaced through Fund 520 Fleet & Equip. Fund)	Must call for bids or use State Bid or other Interlocal Council approved bid process	Publication of RFP if bidding	<ul style="list-style-type: none"> • Must be within department budget • Over \$7,500 but less than \$50K, Mayor or designee may execute • Over \$50K, Council must authorize
Items costing over \$7,500 purchased by Fund 520 Fleet & Equipment Fund only	Must call for bids or use State Bid or other Interlocal Council approved bid process	Publication of RFP if bidding	<ul style="list-style-type: none"> • Must be within department budget • Mayor or designee may execute

7.1 Miscellaneous

A lease of property with option to purchase, where the cost of the real or personal property to be leased exceeds the amounts specified in RCW 35.23.352, shall be treated similar to a public works project (RCW 35.42.220) subject to the same process requirements as outlined in Section 5 of this policy.

Bids are required for contracts for the City's official publication as required by RCW 35.23.352(8).

A competitive negotiation process, as an alternative to bidding, may be used for computer and telecommunications equipment, software, and services (RCW 39.04.270). Item(s) must be within budget and may be authorized by the department head if under \$7,500, by the Mayor or designee if between \$7,500 and \$50,000, and by the Council if over \$50,000.

If the public works project is for street signalization or street lighting, it is treated as a single craft or trade project for bidding purposes.

8 BID PROCEDURES

The following shall apply for public work contracts and when formal bidding is required for the purchase of materials, supplies, or equipment, except as otherwise noted:

- To ensure consistency and fair process, the City will use standard forms, documents, contracts, and terms and conditions, when practical. The City's Project Coordinator will maintain templates for bid-related documents for use by departments when practical. The City may use an evaluation selection committee to promote an open, proper selection. The requesting department director will appoint committee members to act in an advisory capacity.
- Minimum qualifications and/or specifications are stated to ensure bids address the needs of the City. Minimum qualifications cannot be used to eliminate qualified contractors and vendors. Minimum qualifications should be tested against the marketplace to ensure they aren't overly restrictive.
- When practical for public works contracts, the City will conduct a pre-bid conference to allow a thorough discussion of the City's intent, scope, specifications, and terms. Interested companies should be encouraged to attend.
- Selection of a winning offer is based primarily on lowest responsive bid. Quality and expertise, however, may be a consideration to the extent legally permissible.

8.1 Formal Competitive Bid (RCW 35.23.352(1))

I. Publication of Notice.

After authorization by the City Administrator or designee, the requesting department will publish the Call for Bids for sealed bids in the official newspaper, or a newspaper or publication of general circulation most likely to bring responsive bids, at least thirteen (13) days prior to bid submittal deadline. Provided, that in addition to the foregoing, the Call for Bids may also be published in any publication deemed appropriate in the sole discretion of the City Administrator or designee. This subsection does not apply if using an authorized Interlocal cooperative purchasing agreement as described in § 11.6 of these Policies.

II. Notice Contents for Public Works Contracts.

Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice for public works must include:

- a. Project title;
- b. Nature and scope of work;
- c. Where contract documents (plans and specifications) can be reviewed or obtained;
- d. Cost to obtain a set of contract documents;
- e. Place, date, and time that bids are due;
- f. Place, date, and time that bid will be opened;
- g. Statement that a bid bond must accompany the bid;
- h. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bids and/or the bidding process;
- i. Statement that the contract involves “public work” and that workers shall receive the prevailing rate of wage pursuant to the Prevailing Wages on Public Works Act (Chapter 39.12 RCW);
- j. List of the applicable prevailing wage rates or prevailing wage statement;
- k. Statement that the City is an equal opportunity employer and invites responsive bids from all qualified responsible bidders;
- l. The materials and equipment to be furnished, if any.

III. Notice Contents for Purchases of Materials, Supplies, or Equipment.

Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice must include:

- a. Name and description of requested items;
- b. Where contract documents (plans and specifications) can be reviewed or obtained;
- c. Cost to obtain a set of contract documents;
- d. Place, date, and time that bids are due;
- e. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bidding process;
- f. Place, date, and time that bid will be opened.

8.2 Bid Opening

Bids are submitted to the responsible department director or designee, where they are time and date stamped and processed. The bids shall be opened at the time and place specified in the advertisement for bids.

- I. Report on Bids: The responsible department director or designee will prepare a report and recommendation on all bids received to the decision maker with the authority to approve the contract.

- II. Bid Award: The City shall award the contract to the lowest responsible bidder or shall have power by Council resolution to reject any or all bids and to make further calls for bids in the same manner as the original call.
- III. Bid Bonds for Public Works Contracts: Upon award of a public works contract or rejection of all bids, bid bonds shall be returned to the unsuccessful bidders. All bid guarantees must be deposited to the City's account. Bid guarantees belonging to the unsuccessful bidders must be returned as soon as practical after the bid opening in the form of a check written to the contractor. The City shall hold the bid guarantees of the two lowest responsible bidders. If the successful bidder fails to enter into the contract, the bid guarantee is forfeited and the contract is awarded to the next-lowest bidder. If the lowest bidder enters into the contract, the guarantee for the second-lowest bidder is returned. The successful bidder's bid bond or deposit shall be retained until the bidder enters into a contract with the City and furnishes a performance bond in the full amount of the contract price.

Per RCW 35.23.352, if the City has previously issued a written finding that the lowest bidder has, within the last three years, delivered to the City a project that was late, over budget, or did not meet specifications, and the City does not find in writing that the lowest bidder has shown how they would improve performance so as to be likely to meet project specifications, the City may award to the second-lowest bidder that falls within 5% (five percent) of the lowest bidder and meets the same criteria as the lowest bidder.

9 SMALL WORKS ROSTER (RCW 39.04.155(1) AND (2))

RCW 39.04.155 provides uniform 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 work projects valued below \$300,000 in lieu of formal bidding. Use of the Small Works Roster allows the City to waive the advertisement requirements of the formal competitive process.

The Washington State Municipal Research Services Center (MRSC) compiles small works rosters for cities and counties throughout the State of Washington. The City of Monroe has contracted with MRSC to use its small works rosters for public works contracts valued below \$300,000.

- a) Invitations for Quotations.
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 subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
- b) Number of contractors invited.

Quotations shall be invited from all, or at least five (5), appropriate contractors per the attached Public Works Contract Requirements Matrix.

- c) Vendors/contractors selected from the Small Works Roster are not relieved from observing applicable legal requirements such as Contract Bond, Prevailing Wage, Retainage, etc.
- d) Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.
- e) As required by RCW 39.04.200, the City must post a list of contracts awarded from the small works roster once every year. The list must contain the name of the contractor, the amount of the contract, a brief description of the type of work performed, and the date of the award.

10 LIMITED PUBLIC WORKS PROCESS (RCW 39.04.155(3))

For public work projects with an estimated cost of less than \$35,000, the City may use the Limited Public Works Process in lieu of the small works process.

- a) **Invitations for Quotations.**
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 subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
- b) **Number of contractors invited.**
Quotations shall be invited from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder. If no bids are received, see Section 11.7 for guidance.
- c) **Notification of Award.**
After an award is made, the quotations shall be open to public inspection and available by electronic request. The City shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.
- d) Vendors/contractors selected using the Limited Public Works Process are required to comply with prevailing wage and insurance requirements.

11 EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

RCW 39.04.280 provides uniform exemptions to competitive bidding requirements utilized by municipalities when awarding contracts for public works and contracts for purchases.

11.1 Purchases that are clearly and legitimately limited to a single source of supply (Sole Source Vendor)

If, after conducting a good faith review of available resources, the requesting department director determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting department director will submit a written request for sole source procurement to the Mayor/Council for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the City is getting the lowest offered price.

The City Council shall approve all sole source purchases by resolution that identifies the factual basis for the sole source justification and concludes that “the purchase is clearly and legitimately limited to a single source or supply.” A sole source resolution shall not be required in case of emergency, under the terms and conditions specified in RCW 39.04.280(2)(b) and (c). On-going sole source purchases of materials, equipment, and supplies should be reviewed annually to ensure the pricing is still the lowest price for the City and that the conditions that justify the sole source purchase still exist.

11.2 Purchases involving special facilities or market conditions

RCW 39.04.280(1)(b) authorizes the City Council by resolution to waive established bidding requirements if an exceptional opportunity arises to purchase favorably-priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. The resolution must set forth the factual basis for the special market conditions.

RCW 70.95(A).090 authorizes exceptions to the requirements of Section 7 and Section 8 of this policy as it applies to purchases for Pollution Control Facilities as they are defined in RCW 70.95(A).020.

11.3 Auctions

RCW 39.30.045 authorizes the City to acquire supplies, materials, and equipment through an auction conducted by an agency of the State of Washington, an agency of the United States, any municipality or other government agency, or any private party if the items can be obtained at a competitive price.

11.4 Surplus Property

The City may acquire surplus property from another government without the use of competitive quotes or bids (RCW 39.33.010), when it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies, or equipment. The requesting department director will submit a written request for procurement to the Mayor for approval, and conduct price, terms, and delivery negotiations, as appropriate.

11.5 Purchases in the event of an emergency

Emergency is defined as "...unforeseen circumstances beyond the control of the municipality that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken." If an emergency situation has been declared, the Mayor or designee may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this policy 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 practical under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor/vendor shall be included in the contract file. As soon as practical, a record of each emergency procurement shall be made and shall set forth the contract'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 Council at the next subsequent meeting. If a contract is awarded without competitive bidding due to a declared emergency, the City Council must adopt a resolution certifying the emergency situation existed no later than two weeks following the award of the contract (RCW 39.04.280(2)(b)). The persons authorized to issue an emergency proclamation under MMC 2.60.090, in the same order of succession, are authorized to declare an emergency for purposes of this bidding exemption.

11.6 Interlocal Agreements

The City may enter into Interlocal agreements with other public agencies similarly authorized under RCW 39.34.030. State law in regard to competitive bidding shall govern any cooperative purchasing agreement. The competitive bid process of the original jurisdiction may substitute for Monroe's if consistent with the bidding laws that apply to Monroe. "Piggybacking" on other jurisdiction bids requires an Interlocal agreement. All Interlocal cooperative-purchasing agreements shall be presented to Council for approval.

The Finance Department maintains an updated list of active Interlocal agreements through which the City of Monroe may be able to realize savings. This list is available to all City staff for use in their procurement activities.

11.7 No Bids or Quotations Received

When no responsive bids or quotations are received in response to an invitation to bid or request for quotations, the department director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid, or do the project with City employees for public works contracts, as the Mayor or his/her designee deems appropriate.

12 TRAVEL

All expense payments or reimbursements for travel and/or subsistence expenses must meet the requirements set forth in the City of Monroe Travel Policy, which establishes policy and procedure related to obtaining travel authorization, advance travel funds, and expenditure or reimbursement for travel and subsistence expenses incurred in conduct of business of the City. Refer to the City of Monroe Meeting, Travel & Meal Policy 2003-017 for details.

13 PAYMENT PROCESSING

13.1 Approvals

Vendor invoices shall be signed for approval by the department director or designee. Reimbursements payable to City employees shall be signed for approval as follows (employees may not approve their own reimbursement):

- Council – approved by the Mayor, City Administrator, or designee;
- Mayor – approved by the City Administrator or designee;
- City Administrator – approved by the Mayor or designee;
- Department Head – approved by the City Administrator or designee;
- Other employees – approved by the Department Director or designee.

13.2 Accounts Payable

Original invoices that are received by accounts payable will be date-stamped and routed to department directors weekly. Other invoices may be received directly by the department director or other staff, such as when items are picked up at will-call or services are performed on-site. For all invoices, department director or designees will verify that the invoiced items have been received and that the invoiced amount is correct. The accounts payable original invoices should include the correct account coding and have a required authorized approval signature added. The approved invoice will be routed to accounts payable for payment. There are two accounts payable check cycles scheduled each month, the 1st and 3rd Council meetings of each month, unless the date falls on a holiday. The Finance Director or designee audits the bills prior to City Council meetings ensuring the correct coding of the bills, authorization approvals, and proper documentation prior to Council approval. The Finance Director or designee approval is required before bills can be paid.

13.3 Pre-Council Meeting Checks

Departments should avoid requests for pre-Council meeting checks by submitting approved invoices to accounts payable as soon as invoices are received. If extenuating circumstances exist, a check may be issued to avoid incurring penalties, interest, or late charges. Recurring invoices for utilities, PUD, PSE, and telephones may be paid early to avoid penalties or late fees.

14 CREDIT CARDS

In accordance with RCW 43.09.2855, local governments are authorized to use credit cards or procurement cards for official government purchases and acquisitions. Cash advances on credit cards or procurement cards are prohibited. Credit cards and procurement cards may not be used to purchase alcoholic beverages. It will be the responsibility of each department director to assign credit cards or procurement cards to employees that need them for City operations. Refer to the City of Monroe Meeting, Travel & Meal Policy 2003-017 for details regarding credit card usage when traveling.

14.1 Bank-Issued Credit Cards/Procurement Cards

Bank issued credit cards shall not be used for official City business, with the exception of state approved procurement cards and their related program as administered by the Washington State Department of Enterprise Services (DES).

The City has obtained purchasing card (P-Card) participation in the statewide contract administered by DES, Office of State Procurement (OSP). A benefit of using the contract allows the City to earn a quarterly rebate based on the volume spent and timely payment. The rebate received is distributed to the source of funds expended for the purchase card transactions. The use of the P-Card does not relieve the employees from complying with other City and departmental policies and procedures.

The Program Administrator maintains the accounts and is authorized to make necessary changes and updates, corresponds with the bank to resolve issues, orders P-Cards, reconciles purchases made during the billing cycle to the bank statement, verifies accuracy of supporting documents and signatures, maintains records, and assures timely payment. The Program Administrator will pay by P-Card recurring payments such as utility, phone, postage, and other authorized purchases.

Credit limits and other controls are established by department directors when the card is authorized.

Department directors may request a change of credit limits and cancel or suspend a card when needed. P-cards will be issued to employees after the employee has received a copy of the City's Procurement Policies and Procedures and has signed a Purchasing Card Acceptance Agreement form. Department directors or designee will ensure employees approve their charges and submit the proper supporting documents within five days after the billing cycle date (currently the 25th of the month). Department directors will verify the accuracy of charges and approve supporting documentation, assign correct fund numbers, and descriptive information for each charge, final approve the charges online, print activity statements, and submit paperwork to the Program Administrator within ten days after the billing cycle date. The department director may designate another employee who will fulfill these responsibilities in their absence.

As authorized, employees will use their P-Card at time of purchase for goods, maintenance, services, and construction as allowed by the vendor. The employee should not exceed the credit limit on their P-Card. The employee should contact their department director if the limit needs to be adjusted to make purchases. Employees will approve their charges and submit the proper supporting documents to their department director within five days after the billing cycle date (currently the 25th of the month). The documents must be turned in or made accessible to a department director before any absences (i.e. vacations, personal leave, or sick days). The department director may authorize employees' online access to view and approve their charges, update descriptive information, and print an activity statement. If there is a disputed charge on account, the employee should immediately notify the merchant. If unable to get satisfaction from the merchant, contact the Program Administrator to dispute the amount with the bank.

Unauthorized usage examples:

- Travel Status Meals (see the City travel policy which pays for meals at a per diem rate);
- Non-Travel Status Meals;
- Personal charges;
- Cash advances;
- Unauthorized purchases.

The purchase of meals by police officers for individuals needing outreach as part of the embedded social worker program is an authorized usage.

Proper Supporting Documentation:

- Itemized receipts;
- Itemized invoices;
- Detailed Online Order Confirmations;
- Training Request forms.

Employees who are frequently late submitting or missing supporting documentation will lose their P-Card privileges for an amount of time determined by their department director. Improper use of the P-Card may result in disciplinary action up to and including termination of employment.

A few vendors, such as Lowe's and Costco, offer the City discounts by using an existing account rather than the P-Card. The Program Administrator should be notified if there are any other vendors who offer these discounts as it would be in the City's best interest to receive them (refer to Section 14.2 Store-Issued Credit Accounts).

The employee should safeguard their P-Card and account numbers against loss, theft, and unauthorized use. The P-Card may be used in person, by phone, online, or by fax and should be kept either by the employee or locked in a secure location when not in use. If a P-Card is lost or stolen, the employee should immediately notify the bank and inform

the Program Administrator. Failure to notify the bank may result in the City's responsibility for payment.

14.2 Store-Issued Credit Accounts

The City discourages the practice of requesting new charge accounts from vendors unless the vendor will not accept a procurement card or check on delivery and the City will realize cost savings or has time constraints. It is the City's preference for employees to use the procurement cards whenever possible. Store-issued credit cards shall have a limit of \$5,000. Individual store credit limits may be modified by City Council resolution upon finding that special circumstances necessitate the higher amount.

15 PETTY CASH

Petty cash funds cover minor disbursements. Employees may be reimbursed from petty cash funds for authorized purchases that do not exceed the established petty cash limit. Refer to the City of Monroe Petty Cash Policy 99-021 for details.

City of Monroe



Procurement Policies & Procedures

~~March-July 1420, 2018~~2020

Table of Contents

Title	Page #
Policy; Enforceability	1
Definitions and Acronyms	1
General Provisions	3
Purchasing Code of Ethics	3
Controlling Laws	34
Monitoring and Compliance	4
Proper Authorization/Certifications	4
Budget Sufficiency	5
Financing	5
Breaking Down or Bid Splitting Purchases	5
Cost	5
Local Businesses	5
Purchasing Limitations	65
Public Works Projects	6
Change Orders	7
Prevailing Wage Laws	7
Professional and -Personal Services	87
Purchases of Materials, Supplies, and Equipment	8
Miscellaneous purchases	8
Bid Procedures	98
Formal Competitive Bid	9
Bid Opening	10
Small Works Roster	110
Limited Public Works Process	124
Exemptions to Competitive Bidding Requirements	12
Single Source/Sole Source	132
Special Facilities or Market Conditions	132
Auctions	132
Surplus Property	13
Emergency Purchases	143
Interlocal Agreements	143
No Bids/Quotations Received	14
Travel	154
Payment Processing	154
Approvals	154
Accounts Payable	15
Pre-Council Meeting Checks	15
Credit Cards	165
Bank Issued Credit Cards/Procurement Cards	165
Store Issued Credit Accounts	187
Petty Cash	187

2 **POLICY; ENFORCEABILITY**

The purpose of this policy is to implement the requirements of state law and, when applicable, federal guidance with regards to procurement of goods and services and the bidding on public contracts for public works, goods, services, supplies, and materials. It is the City's policy to follow state and, when applicable, federal requirements with regard to 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, waste, and favoritism in their award. For federally funded purchases and contracts, the purpose of this policy is to also insure that there is no abuse of federal funds and that all allowable costs are accorded consistent treatment.

All contract approvals and directly related purchasing actions taken through the effective date of this policy are hereby expressly ratified.

Except as otherwise expressly provided herein, the provisions of this policy are intended solely as a convenience and reference guide for City officials and employees. Nothing in this policy is intended to create any liability for or against the City. Without limitation of the foregoing, nothing in this policy is intended to create any enforceable right, entitlement, or cause of action in or for any third-parties.

3 **DEFINITIONS and ACRONYMS**

- a. "Architectural and Engineering services" means services rendered by any person, other than a city employee, to perform activities within the scope of the professional practice of architecture RCW 18.08, professional practice of engineering and land surveying RCW 18.43, and/or professional practice of landscape architecture RCW 18.96.
- b. "Bid splitting" means breaking a public work project or purchase of equipment, or supplies into segments. The city may not break a public works project to avoid compliance with bidding statutes. RCW 35.23.352(1).
- c. "Contract" means a contract in writing for the execution of a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in RCW 39.04.155.
- d. "DES" – Washington's Department of Enterprise Services.
- e. "Formal competitive bid" is the process of advertising and receiving sealed written bids from prospective vendors. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- f. "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 to the Finance Department. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.

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Definitions and acronyms referenced in these Policies are integral and apply throughout the document.

g. "Interlocal agreements" are the exercise of governmental powers in a joint or cooperative undertaking with another public agency.

h. "MMC" – Monroe Municipal Code.

i. "MRSC" – Municipal Research Services Center.

j. "Newspaper" – a publication issued at regular intervals, generally daily or weekly, and commonly containing news, comment, features, and advertising.

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k. "Non-Travel Status" – City business or training that does not qualify for travel status or meal reimbursement because it is less than 30 miles or more from their point of origin (City Hall or home, whichever is closer to the destination) and does not require overnight stay.

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

m. "OSP" – Washington's Office of State Procurement.

n. "Personal services" – interchangeable with professional services – services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature, and they do not include Architectural and Engineering services. Example of services include accounting, legal, comprehensive planning, and real estate services.

o. "Professional services" – see personal services.

p. "PSE" – Puget Sound Energy.

q. "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.

r. "Publication" – printed or otherwise reproduced textual or graphic material for sale or distribution to the public.

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s. "PUD" – Public Utility District.

t. "Purchased services" – different from personal services in that these services are generally routine, repetitive, or mechanical in nature and supports the City's day to day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services. (May include ordinary maintenance.)

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u. "RCW" – Revised Code of Washington.

s.v. “RFP - Request for Proposal” means a process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based upon the suitability, practicality, quality of the proposal and experience and cost.

t.w. “RFQ - Request for Qualifications” means a request only for a firm’s general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ does not include pricing information.

u.x. “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 \$300,000 or less, the city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.

y. “Sole Source Supplier” occurs when purchase is clearly and legitimately limited to a single supplier. These situations often arise when an agency has specific technological requirements. Examples include: (a) licensed, copyrighted, or patented products or services that only one vendor provides; (b) new equipment or products that must be compatible with existing equipment or products; (c) proprietary or custom-built software or information systems that only one vendor provides; and (d) products or services where only one vendor meets the required certifications or statutory requirements. (RCW 39.04.280(1)(a)). Requires Council Approval.

v.z. “Travel Status” is defined by the IRS as a time when your duties require you to be away from the general area traveling on city business. To qualify as travel the employee must travel a distance of 30 miles or more from their point of origin (City Hall or home, whichever is closer to the destination), stay overnight and obtain advance approval from the department director.

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w.aa. “Use Tax” is a tax on the use of goods or certain services in Washington when sales tax has not been paid. Goods used in Washington are subject to either sales or use tax, but not both.

x.bb. “WAC” – Washington Administrative Code

4 **GENERAL PROVISIONS**

4.1 **Purchasing Code of Ethics**

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

- a) Actions of City employees shall be impartial and fair;
- b) City decisions and policies shall be made in compliance with required procedures and within the proper channels of government structure;

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- c) 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; and
- d) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

4.2 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). Where this policy conflicts with state law requirements, the more restrictive provision shall prevail. Where this policy is silent with regards to purchasing and/or bidding requirements, state law shall prevail.

Purchases and/or contracts that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200), hereinafter referred to as the Uniform Purchasing Guidance.

4.3 Monitoring and Compliance

The department director 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 and/or the Administrator's designee for further action. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline (RCW 39.30.020).

In addition to the enforcement of these policies, the department director shall insure that reasonable measures are taken to safeguard protected, personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive or that the City considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality.

4.4 Proper Authorization/Certifications

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

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City without proper authorization may be personally liable to the vendor and/or to the City and subject to disciplinary action.

For federally funded purchases and contracts, 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 agreement must include a certification, signed by an official who is authorized to legally bind the City, 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. (US Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812.)”

4.5 Budget Sufficiency

Each department director must ensure that purchases are initiated only when the departmental budget is sufficient to cover the anticipated cost. Expenditures that exceed departmental appropriations require a budget amendment approved by City Council. Requests for budget amendments must be submitted in writing, and shall be approved by the requesting director or manager and forwarded to the City Administrator and Finance Director for review prior to being forwarded to the City Council for approval.

4.6 Financing

If a department is requesting financing for equipment or vehicles, it is necessary to work with the Finance Director. Financing documentation shall be included as part of the documentation for City Council approval to authorize Mayor or designee to sign loan or bond documents.

4.7 Breaking Down or Bid Splitting Purchases

The breaking down or bid splitting of any purchase or contract into units or phases for the purpose of avoiding the maximum dollar amount is prohibited.

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4.8 Cost

Purchase cost includes sales tax, use tax, delivery charges, and any related miscellaneous charges.

4.9 Local Businesses

Local businesses should be encouraged to submit bids on City procurements that are open to everybody. When determining the lowest bid on purchase of supplies, materials, or equipment, the City may, whenever indicated in advance, take into consideration sales and/or B&O tax revenue it would receive from a supplier located within its boundaries pursuant to RCW 39.30.040.

4.10 Purchasing Limitations

- a) Expenditures are required to be included in the annual budget.
- b) Purchase limitations apply to the aggregate cost of individual items, whether purchase in one order or over a series of orders. Cost is inclusive of sales tax, use tax, delivery charges, and any related miscellaneous charges.
- c) The Mayor or designee may execute professional services, and purchase services contracts, up to \$100,000 (one hundred thousand), as long as the contract is consistent with the adopted budget.
- d) Services contracts greater than \$50,000 (fifty thousand) require Council authorization.
- e) Contracts of any amount that are not consistent with the adopted budget require Council approval.
- f) Initial Interlocal agreements of any amount with governmental agencies require Council authorization. The Mayor or designee up to \$50,000 (fifty thousand) may execute renewal or extension of existing Interlocal agreements with governmental agencies, if the agreement's terms address renewal and the agreement is consistent with the adopted budget. All other renewals require Council approval.
- g) The Mayor or designee may present any contract to the Council for approval even if the contract is not required to be approved by the Council.

5 PUBLIC WORKS PROJECTS

The preparation of plans and/or specifications and an estimate of project cost shall be authorized by the Mayor or designee for projects up to \$100,000 and by the City Council for larger projects.

Type of Purchase or Project	Process (see attached matrix* for details)	Other Requirements	Contract Authorization
Projects costing under \$350K	May use Small Works Roster (the City uses the MRSC Rosters RCW 39.04.155)	<ul style="list-style-type: none">• Prevailing wage• Insurance• Contract/ Performance bond	<ul style="list-style-type: none">• Must be budgeted• If under \$100K, Mayor or designee may execute

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		<ul style="list-style-type: none"> • Bid bond/deposit (unless using Small Works Roster) 	<ul style="list-style-type: none"> • All other must be approved by Council
Projects costing \$ 350 0K or more	Formal bids	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit 	<ul style="list-style-type: none"> • Must be budgeted • Requires Council approval
Projects costing under \$ 54 0K (Alternative to the Small Works Roster)	Solicited quotes	<ul style="list-style-type: none"> • Prevailing wage • Contract/ Performance bond required between \$10K to \$40K 	<ul style="list-style-type: none"> • Must be budgeted • Mayor or designee may execute
Projects with costs exceeding \$ 40K-75.5K for single trade or \$ 65k <u>116,155</u> for multiple trades and less than \$ 350 0K	Must call for bids or use Small Works Roster process to solicit quotes	<ul style="list-style-type: none"> • Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit (unless using Small Works Roster) 	<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
Projects less than \$2,500	One quote needed, two recommended	<ul style="list-style-type: none"> • Appropriate form(s) for prevailing wages • No bond • No retainage 	<ul style="list-style-type: none"> • Must be budgeted • Mayor or designee may execute

*The Public Works Contract Requirements Matrix is adopted by reference as part of this policy and procedure document.

** On contracts of \$150,000 or less, at the option of the contractor, the City may, in lieu of the bond, retain ten percent of the contract amount for a period of thirty days after date of final acceptance, or until receipt of all necessary releases from the department of revenue, the employment security department, and the department of labor and industries and settlement of any liens filed under chapter 60.28 RCW, whichever is later.

Regardless of cost limits, the City may in its discretion solicit formal bids at any time.

Project budget authorization may include a project contingency, not to exceed 20% (twenty percent). If additional budget authority is needed for the project, Council must approve the increase for budget amendment prior to approval of the contract.

5.1 Change Orders

Change orders which fall within the Council approved scope, project budget, and project contingency may be executed by the Mayor or his/her designee. Change orders which would change the scope of the project and/or exceed the Council approved project budget and Council approved project contingency would require additional Council action.

All change orders, regardless of amount, will be reported to Council on a monthly basis.

5.2 Prevailing Wage Laws

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Public work projects and maintenance, when performed by contract, are governed by chapter 39.12 RCW, Prevailing Wages on Public Works regardless of contract amount. It is the responsibility of the contracting employee to notify the vendor of prevailing wage requirements and obtain compliance documentation prior to awarding any public work or maintenance contract. Public work and ordinary maintenance contracts will only be awarded to contractors who document compliance with the Washington State Prevailing Wage Law. The department director or designee managing the project is responsible for collecting ongoing compliance documents. If a contractor is found to be in violation of prevailing wage laws by the Department of Labor and Industries, the City will have to withhold payment (including retainage) from that contractor.

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6 6 PROFESSIONAL AND PERSONAL SERVICES

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Type of Purchase	Process	Other Requirements	Contract Authorization
Architectural, <u>Land Surveying</u> , and Engineering Services	Request for Qualifications (RCW 39.80)	<ul style="list-style-type: none"> • Publish RFQ • Must evaluate on performance and qualifications • Negotiate contract after selection 	<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
All other personal services	No state law required process		<ul style="list-style-type: none"> • Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council

Any professional and/or personal services contracts not part of the budget, regardless of amount, must be authorized by Council.

7 7 PURCHASES OF MATERIALS, SUPPLIES, AND EQUIPMENT (*not associated with Public Works projects*)

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Type of Purchase	Process	Other Requirements	Contract Authorization
Items costing less than \$7,500	No state law required process		<ul style="list-style-type: none"> • Must be within department budget • Department director or designee may execute
Items costing over \$7,500 (except equipment and vehicles replaced through Fund 520 Fleet & Equip. Fund)	Must call for bids or use State Bid or other Interlocal Council approved bid process	Publication of RFP if bidding	<ul style="list-style-type: none"> • Must be within department budget • Over \$7,500 but less than \$50K, Mayor or designee may execute • Over \$50K, Council must authorize
Items costing over \$7,500 purchased by Fund 520 Fleet & Equipment Fund only	Must call for bids or use State Bid or other Interlocal Council approved bid process	Publication of RFP if bidding	<ul style="list-style-type: none"> • Must be within department budget • Mayor or designee may execute

7.1 Miscellaneous

A lease of property with option to purchase, where the cost of the real or personal property to be leased exceeds the amounts specified in RCW 35.23.352, shall be treated similar to a public works project (RCW 35.42.220) subject to the same process requirements as outlined in Section 5 of this policy.

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Bids are required for contracts for the City's official ~~newspaper publication~~ as required by RCW 35.23.352(78).

A competitive negotiation process, as an alternative to bidding, may be used for computer and telecommunications equipment, software, and services (RCW 39.04.270). Item(s) must be within budget and may be authorized by the department head if under \$7,500, by the Mayor or designee if between \$7,500 and \$50,000, and by the Council if over \$50,000.

If the public works project is for street signalization or street lighting, it is treated as a single craft or trade project for bidding purposes.

~~8~~ ~~8~~ **BID PROCEDURES**

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The following shall apply for public work contracts and when formal bidding is required for the purchase of materials, supplies, or equipment, except as otherwise noted:

- To ensure consistency and fair process, the City will use standard forms, documents, contracts, and terms and conditions, when practical. The City's Project Coordinator will maintain templates for bid-related documents for use by departments when practical. The City may use an evaluation selection committee to promote an open, proper selection. The requesting department director will appoint committee members to act in an advisory capacity.
- Minimum qualifications and/or specifications are stated to ensure bids address the needs of the City. Minimum qualifications cannot be used to eliminate qualified contractors and vendors. Minimum qualifications should be tested against the marketplace to ensure they aren't overly restrictive.
- When practical for public works contracts, the City will conduct a pre-bid conference to allow a thorough discussion of the City's intent, scope, specifications, and terms. Interested companies should be encouraged to attend.
- Selection of a winning offer is based primarily on lowest responsive bid. Quality and expertise, however, may be a consideration to the extent legally permissible.

8.1 Formal Competitive Bid (RCW 35.23.352(1))

I. Publication of Notice.

After ~~authorization by the~~ City Administrator ~~authorization or designee~~, the requesting department ~~director (or designee)~~ will publish the Call for Bids for sealed bids in the official ~~newspaper-newspaper~~ or a ~~newspaper-newspaper~~ of general circulation most likely to bring responsive bids, ~~and ensure notice is posted on the City web page,~~ at least thirteen (13) days prior to bid submittal deadline. ~~Provided, that in addition to the foregoing, the Call for Bids may also be published in any publication deemed appropriate in the sole discretion of the City Administrator or designee.~~ This subsection does not apply if using an

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authorized Interlocal cooperative purchasing agreement as described in § 11.6 of these Policies.

- II. Notice Contents for Public Works Contracts.
Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice for public works must include:
 - a. Project title;
 - b. Nature and scope of work;
 - c. Where contract documents (plans and specifications) can be reviewed or obtained;
 - d. Cost to obtain a set of contract documents;
 - e. Place, date, and time that bids are due;
 - f. Place, date, and time that bid will be opened;
 - g. Statement that a bid bond must accompany the bid;
 - h. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bids and/or the bidding process;
 - i. Statement that the contract involves "public work" and that workers shall receive the prevailing rate of wage pursuant to the Prevailing Wages on Public Works Act (Chapter 39.12 RCW);
 - j. List of the applicable prevailing wage rates or prevailing wage statement;
 - k. Statement that the City is an equal opportunity employer and invites responsive bids from all qualified responsible bidders;
 - l. The materials and equipment to be furnished, if any.

- III. Notice Contents for Purchases of Materials, Supplies, or Equipment.
Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice must include:
 - a. Name and description of requested items;
 - b. Where contract documents (plans and specifications) can be reviewed or obtained;
 - c. Cost to obtain a set of contract documents;
 - d. Place, date, and time that bids are due;
 - e. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bidding process;
 - f. Place, date, and time that bid will be opened.

8.2 Bid Opening

Bids are submitted to the responsible department director or designee, where they are time and date stamped and processed. The bids shall be opened at the time and place specified in the advertisement for bids.

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- I. Report on Bids: The responsible department director or designee will prepare a report and recommendation on all bids received to the decision maker with the authority to approve the contract.
- II. Bid Award: The City shall award the contract to the lowest responsible bidder or shall have power by Council resolution to reject any or all bids and to make further calls for bids in the same manner as the original call.

III. Bid Bonds for Public Works Contracts: Upon award of a public works contract or rejection of all bids, bid bonds shall be returned to the unsuccessful bidders. All bid guarantees must be deposited to the City's account. Bid guarantees belonging to the unsuccessful bidders must be returned as soon as practical after the bid opening in the form of a check written to the contractor. The City shall hold the bid guarantees of the two lowest responsible bidders. If the successful bidder fails to enter into the contract, the bid guarantee is forfeited and the contract is awarded to the next-lowest bidder. If the lowest bidder enters into the contract, the guarantee for the second-lowest bidder is returned.- The successful bidder's bid bond or deposit shall be retained until the bidder enters into a contract with the City and furnishes a performance bond in the full amount of the contract price.

III.-Per RCW 35.23.352, if the City has previously issued a written finding that the lowest bidder has, within the last three years, delivered to the City a project that was late, over budget, or did not meet specifications, and the City does not find in writing that the lowest bidder has shown how they would improve performance so as to be likely to meet project specifications, the City may award to the second-lowest bidder that falls within 5% (five percent) of the lowest bidder and meets the same criteria as the lowest bidder.

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9 SMALL WORKS ROSTER (RCW 39.04.155(1) AND (2))

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RCW 39.04.155 provides uniform 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 work projects valued below \$300,000 in lieu of formal bidding. Use of the Small Works Roster allows the City to waive the advertisement requirements of the formal competitive process.

The Washington State Municipal Research Services Center (MRSC) compiles small works rosters for cities and counties throughout the State of Washington. The City of Monroe has contracted with MRSC to use its small works rosters for public works contracts valued below \$300,000.

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- a) Invitations for Quotations.
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 subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
- b) Number of contractors invited.
Quotations shall be invited from all, or at least five (5), appropriate contractors per the attached Public Works Contract Requirements Matrix.
- c) Vendors/contractors selected from the Small Works Roster are not relieved from observing applicable legal requirements such as Contract Bond, Prevailing Wage, Retainage, etc.
- d) Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.
- e) As required by RCW 39.04.200, the City must post a list of contracts awarded from the small works roster once every year. The list must contain the name of the contractor, the amount of the contract, a brief description of the type of work performed, and the date of the award.

10 LIMITED PUBLIC WORKS PROCESS (RCW 39.04.155(3))

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For public work projects with an estimated cost of less than \$35,000, the City may use the Limited Public Works Process in lieu of the small works process.

- a) Invitations for Quotations.
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 subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
- b) Number of contractors invited.
Quotations shall be invited from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder. If no bids are received, see Section 11.7 for guidance.
- c) Notification of Award.
After an award is made, the quotations shall be open to public inspection and available by electronic request. The City shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor,

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the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

- d) Vendors/contractors selected using the Limited Public Works Process are required to comply with prevailing wage and insurance requirements.

11 EXEMPTIONS TO COMPETITIVE BIDDING REQUIREMENTS

RCW 39.04.280 provides uniform exemptions to competitive bidding requirements utilized by municipalities when awarding contracts for public works and contracts for purchases.

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11.1 Purchases that are clearly and legitimately limited to a single source of supply (Sole Source Vendor)

If, after conducting a good faith review of available resources, the requesting department director determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting department director will submit a written request for sole source procurement to the Mayor/Council for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the City is getting the lowest offered price.

The City Council shall approve all sole source purchases by resolution that identifies the factual basis for the sole source justification and concludes that “the purchase is clearly and legitimately limited to a single source or supply.” A sole source resolution shall not be required in case of emergency, under the terms and conditions specified in RCW 39.04.280(2)(b) and (c). On-going sole source purchases of materials, equipment, and supplies should be reviewed annually to ensure the pricing is still the lowest price for the City and that the conditions that justify the sole source purchase still exist.

11.2 Purchases involving special facilities or market conditions

RCW 39.04.280(1)(b) authorizes the City Council by resolution to waive established bidding requirements if an exceptional opportunity arises to purchase favorably-priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. The resolution must set forth the factual basis for the special market conditions.

[RCW 70.95\(A\).090 authorizes exceptions to the requirements of Section 7 and Section 8 of this policy as it applies to purchases for Pollution Control Facilities as they are defined in RCW 70.95\(A\).020.](#)

11.3 Auctions

RCW 39.30.045 authorizes the City to acquire supplies, materials, and equipment through an auction conducted by an agency of the State of Washington, an agency of the United States, any municipality or other government agency, or any private party if the items can be obtained at a competitive price.

11.4 Surplus Property

The City may acquire surplus property from another government without the use of competitive quotes or bids (RCW 39.33.010), when it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies, or equipment. The requesting department director will submit a written request for procurement to the Mayor for approval, and conduct price, terms, and delivery negotiations, as appropriate.

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11.5 Purchases in the event of an emergency

Emergency is defined as "...unforeseen circumstances beyond the control of the municipality that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken." If an emergency situation has been declared, the Mayor or designee may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this policy 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 practical under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor/vendor shall be included in the contract file. As soon as practical, a record of each emergency procurement shall be made and shall set forth the contract'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 Council at the next subsequent meeting. If a contract is awarded without competitive bidding due to a declared emergency, the City Council must adopt a resolution certifying the emergency situation existed no later than two weeks following the award of the contract (RCW 39.04.280(2)(b)). The persons authorized to issue an emergency proclamation under MMC 2.60.090, in the same order of succession, are authorized to declare an emergency for purposes of this bidding exemption.

11.6 Interlocal Agreements

The City may enter into Interlocal agreements with other public agencies similarly authorized under RCW 39.34.030. State law in regard to competitive bidding shall govern any cooperative purchasing agreement. -The competitive bid process of the original jurisdiction may substitute for Monroe's if consistent with the bidding laws that apply to Monroe. "Piggybacking" on other jurisdiction bids requires an Interlocal agreement. All Interlocal cooperative-purchasing agreements shall be presented to Council for approval.

~~The Finance Department maintains an updated list of active Interlocal agreements through which the City of Monroe may be able to realize savings. This list is available to all City staff for use in their procurement activities, through quantity purchasing with the following organizations:~~

- ~~a) US Communities Shared Purchasing.
US Communities is a national collective of local and state agencies that have gathered together under a non-profit to bid on items for shared purchasing. The City of Monroe has registered with US Communities, allowing the City to use any US Communities contract that meets our needs. Cities and counties from around the country bid the US Communities contracts. They are all subject to bid laws that are similar to those in Washington, and they conduct competitive sealed bids or proposals in much the same way, if not exactly the~~

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~~same way, as we do in Washington. However, use the same care to review the US Communities contracts to verify that they do not violate the City's Procurement Policies and Procedures or Washington state law. All US Communities purchasing agreements shall be presented to Council for approval.~~

~~b) Office of State Procurement (OSP):~~

~~The City of Monroe may be able to realize savings through the OSP's quantity purchasing. Use of OSP requires an Interlocal agreement with the State of Washington approved by the City Council.~~

11.7 No Bids or Quotations Received

When no responsive bids or quotations are received in response to an invitation to bid or request for quotations, the department director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid, or do the project with City employees for public works contracts, as the Mayor or his/her designee deems appropriate.

17

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12 TRAVEL

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All expense payments or reimbursements for travel and/or subsistence expenses must meet the requirements set forth in the City of Monroe Travel Policy, which establishes policy and procedure related to obtaining travel authorization, advance travel funds, and expenditure or reimbursement for travel and subsistence expenses incurred in conduct of business of the City. Refer to the City of Monroe Meeting, Travel & Meal Policy 2003-017 for details.

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13 PAYMENT PROCESSING

13.1 Approvals

Vendor invoices shall be signed for approval by the department director or designee. Reimbursements payable to City employees shall be signed for approval as follows (employees may not approve their own reimbursement):

- Council – approved by the Mayor, City Administrator, or designee;
- Mayor – approved by the City Administrator or designee;
- City Administrator – approved by the Mayor or designee;
- Department Head – approved by the City Administrator or designee;
- Other employees – approved by the Department Director or designee.

13.2 Accounts Payable

Original invoices that are received by accounts payable will be date-stamped and routed to department directors weekly. Other invoices may be received directly by the department director or other staff, such as when items are picked up at will-call or services are performed on-site. For all invoices, department director or designees will verify that the invoiced items have been received and that the invoiced amount is correct. The accounts payable original invoices should include the correct account coding and have a required authorized approval signature added. The approved invoice will be routed to accounts payable for payment. There are two accounts payable check cycles scheduled each month, the 1st and 3rd Council meetings of each month, unless the date falls on a holiday. The Finance Director or designee audits the bills prior to City Council meetings ensuring the correct coding of the bills, authorization approvals, and proper documentation prior to Council approval. The Finance Director or designee approval is required before bills can be paid.

13.3 Pre-Council Meeting Checks

Departments should avoid requests for pre-Council meeting checks by submitting approved invoices to accounts payable as soon as invoices are received. If extenuating circumstances exist, a check may be issued to avoid incurring penalties, interest, or late

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charges. Recurring invoices for utilities, PUD, PSE, and telephones may be paid early to avoid penalties or late fees.

14 CREDIT CARDS

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In accordance with RCW 43.09.2855, local governments are authorized to use credit cards or procurement cards for official government purchases and acquisitions. Cash advances on credit cards or procurement cards are prohibited. Credit cards and procurement cards may not be used to purchase alcoholic beverages. It will be the responsibility of each department director to assign credit cards or procurement cards to employees that need them for City operations. Refer to the City of Monroe Meeting, Travel & Meal Policy 2003-017 for details regarding credit card usage when traveling.

14.1 Bank-Issued Credit Cards/Procurement Cards

Bank issued credit cards shall not be used for official City business, with the exception of state approved procurement cards and their related program as administered by the Washington State Department of Enterprise Services (DES).

The City has obtained purchasing card (P-Card) participation in the statewide contract administered by DES, Office of State Procurement (OSP). A benefit of using the contract allows the City to earn a quarterly rebate based on the volume spent and timely payment. The rebate received is distributed to the source of funds expended for the purchase card transactions. The use of the P-Card does not relieve the employees from complying with other City and departmental policies and procedures.

The Program Administrator maintains the accounts and is authorized to make necessary changes and updates, corresponds with the bank to resolve issues, orders P-Cards, reconciles purchases made during the billing cycle to the bank statement, verifies accuracy of supporting documents and signatures, maintains records, and assures timely payment. The Program Administrator will pay by P-Card recurring payments such as utility, phone, postage, and other authorized purchases.

Credit limits and other controls are established by department directors when the card is authorized.

Department directors may request a change of credit limits and cancel or suspend a card when needed. P-cards will be issued to employees after the employee has received a copy of the City's Procurement Policies and Procedures and has signed a Purchasing Card Acceptance Agreement form. Department directors or designee will ensure employees approve their charges and submit the proper supporting documents within five days after the billing cycle date (currently the 25th of the month). Department directors will verify the accuracy of charges and approve supporting documentation, assign correct fund numbers, and descriptive information for each charge, final approve the charges online, print activity statements, and submit paperwork to the Program Administrator

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within ten days after the billing cycle date. The department director may designate another employee who will fulfill these responsibilities in their absence.

As authorized, employees will use their P-Card at time of purchase for goods, maintenance, services, and construction as allowed by the vendor. The employee should not exceed the credit limit on their P-Card. The employee should contact their department director if the limit needs to be adjusted to make purchases. Employees will approve their charges and submit the proper supporting documents to their department director within five days after the billing cycle date (currently the 25th of the month). The documents must be turned in or made accessible to a department director before any absences (i.e. vacations, personal leave, or sick days). The department director may authorize employees' online access to view and approve their charges, update descriptive information, and print an activity statement. If there is a disputed charge on account, the employee should immediately notify the merchant. If unable to get satisfaction from the merchant, contact the Program Administrator to dispute the amount with the bank.

Unauthorized usage examples:

- Travel Status Meals (see the City travel policy which pays for meals at a per diem rate);
- Non-Travel Status Meals;
- Personal charges;
- Cash advances;
- Unauthorized purchases.

The purchase of meals by police officers for individuals needing outreach as part of the embedded social worker program is an authorized usage.

Proper Supporting Documentation:

- Itemized receipts;
- Itemized invoices;
- Detailed Online Order Confirmations;
- Training Request forms.

Employees who are frequently late submitting or missing supporting documentation will lose their P-Card privileges for an amount of time determined by their department director. Improper use of the P-Card may result in disciplinary action up to and including termination of employment.

A few vendors, such as Lowe's and Costco, offer the City discounts by using an existing account rather than the P-Card. The Program Administrator should be notified if there are any other vendors who offer these discounts as it would be in the City's best interest to receive them (refer to Section 14.2 Store-Issued Credit Accounts).

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The employee should safeguard their P-Card and account numbers against loss, theft, and unauthorized use. The P-Card may be used in person, by phone, online, or by fax and should be kept either by the employee or locked in a secure location when not in use. If a P-Card is lost or stolen, the employee should immediately notify the bank and inform the Program Administrator. Failure to notify the bank may result in the City's responsibility for payment.

14.2 Store-Issued Credit Accounts

The City discourages the practice of requesting new charge accounts from vendors unless the vendor will not accept a procurement card or check on delivery and the City will realize cost savings or has time constraints. It is the City's preference for employees to use the procurement cards whenever possible. Store-issued credit cards shall have a limit of \$5,000. Individual store credit limits may be modified by City Council resolution upon finding that special circumstances necessitate the higher amount.

15 PETTY CASH

Petty cash funds cover minor disbursements. Employees may be reimbursed from petty cash funds for authorized purchases that do not exceed the established petty cash limit. Refer to the City of Monroe Petty Cash Policy 99-021 for details.

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Exit Recommendations
City of Monroe
Audit Period Ending: December 31, 2018

We are providing the following exit recommendations for management's consideration. They are not referenced in the audit report. We may review the status of the following exit items in our next audit.

Accountability:

Theft Sensitive Assets

Governments are required by the Budgeting, Accounting, and Reporting Systems (BARS) Manual (Section 3, Chapter 1) to develop internal controls that adequately safeguard public resources. We reviewed the City's controls over tracking, monitoring, and safeguarding theft sensitive assets and found its policies and procedures do not provide for adequate segregation of duties pertaining to purchasing assets and adding/removing assets from the list. Further, we found all employees have the ability to access and edit the small and attractive asset list.

The City delegates responsibility for tracking and monitoring theft sensitive assets to individual departments. We reviewed the Public Works Department's controls over theft sensitive assets and found departmental procedures for adding assets to the small and attractive asset list were in conflict with the City's policy. Specifically:

- Assets are not added to the small and attractive asset list until the annual inventory
- There are no procedures in place for documenting that assets purchased are received

This increases the risk assets go missing and the City will have no ability to track or assign responsibility. Our testing found several assets whose information did not match the asset listing, had no identification tag, or were tagged but not on the asset list.

We recommend the City continue to strengthen its internal controls over safeguarding of theft sensitive items.

Meals with Meetings Policy

The City expended \$1.9 million through the use of procurement cards in fiscal year 2018. The City has conflicting language in its procurement and travel policies regarding the allowability of meal purchases. Conflicting policies increases the risk of misuse or misappropriation. When reviewing transactions we found the following:

- Meal purchases totaled \$7,664 for the year. Due to the conflicting policies we were unable to determine if the charges were allowable.
- Meal purchases for individuals needing outreach made by police officers for the embedded social worker program. While an allowable use per the State Constitution, this was not an allowable use per the policy.

We recommend the City strengthen its controls over its procurement cards, evaluate its policies and establish clear guidance for the purchase of meals.