



## CITY OF POULSBO

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Updated June 1, 2016

# Purchasing Policy & Procedures

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CITY OF POULSBO

# **Purchasing Policy & Procedures**

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200 NE Moe Street  
Poulsbo, WA 98370-0098  
[www.cityofpoulsbo.com](http://www.cityofpoulsbo.com)

# PURCHASING MANUAL MATRIX

<b>Public Works</b>		
<b>State Contracts</b>	Up to \$15,000	Department Head, as long as there is budget capacity.
	\$15,000 - \$75,000	Mayor, as long as there is budget capacity.
	\$75,000 and above	City Council Approval
<b>Public Works - Limited Public Work Process</b>	\$35,000 or less	Mayor, as long as there is budget capacity.
	\$40,000 or less - Single Craft	Mayor, as long as there is budget capacity.
	\$65,000 or less - More than one Craft	Mayor, as long as there is budget capacity.
<b>Public Works - Small Works Roster</b>	\$65,000 or less - More than one Craft	Mayor, as long as there is budget capacity.
	Up to \$300,000 - Multiple Crafts	Mayor, up to \$75,000, as long as there is budget capacity, otherwise, City Council Approval
<b>Public Works - Formal Bid Process</b>	Over \$300,000	City Council Approval
<b>Purchases</b>		
<b>Large Purchases for Materials, Supplies &amp; Equipment including installation</b>	Up to \$15,000	Department Head as long as there is budget capacity.
	\$15,000 - \$75,000	Mayor, as long as there is budget capacity.
	\$75,000 and above	City Council Approval
<b>Purchases of Professional Services</b>	Up to \$15,000	Department Head as long as there is budget capacity.
	\$15,000 - \$75,000	Mayor, as long as there is budget capacity.
	\$75,000 and above	City Council Approval
<b>Purchases of Architectural and Engineering</b>	Up to \$15,000	Department Head as long as there is budget capacity.
	\$15,000 - \$75,000	Mayor, as long as there is budget capacity.
	\$75,000 and above	City Council Approval
<b>Purchases of General Services</b>	Up to \$15,000	Department Head as long as there is budget capacity.
	\$15,000 - \$75,000	Mayor, as long as there is budget capacity.
	\$75,000 and above	City Council Approval

# PURCHASING MANUAL MATIX, CONT.

<b>Amdendments &amp; Change Orders</b>		
<b>Contract Amendments</b>	Amendments that do not change the contract value	Department Head
	Up to \$75,000 or 10% of the original contract, whichever is less	Mayor, as long as there is budget capacity.
	Over \$75,000 or more than 10% of the original contract	City Council Approval
<b>Contract Change Orders</b>	5% of the original contract award or an accumulated total of \$35,000, whichever is less	Department Head
	Up to \$75,000 or accumulated Change Orders between 5% and 10% of the original contract, whichever is less	Mayor, as long as there is budget capacity.
	Over \$75,000 or more than 10% of the original contract	City Council Approval

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## Sources

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

# 1.0 Introduction

## 1.1 Purpose of the Policy

The Purchasing Policy and Procedures Manual is provided to guide and assist City staff on basic procurement and contracting requirements as set forth in the [Poulsbo Municipal Code](#) and Washington State statutes.

This Policy establishes guidelines and clarifies the procedures for purchasing supplies and materials, public works construction, and contracting for services by the City of Poulsbo. The procedures set forth in subsequent sections of this manual are designed to assure the citizens, the City Council and City administrative staff that the City of Poulsbo is receiving maximum value for each tax and utility dollar expended and assure fiscal responsibility in the procurement process.

This edition of the Purchasing Policy and Procedures Manual is dated January 2016 and supersedes all purchasing directives. All references to the Revised Code of Washington (RCW) and/or City Ordinances and Resolutions shall be incorporated as part of this policy including all future amendments.

In cases where these policies conflict with any City Ordinance, State or Federal law or regulations, the terms of that law or regulation prevails. In all other cases, these policies apply.

## 1.2 Contact Information

Name	Responsibility
Finance Director	Fiscal Control & Budget
Grant/Project Accountant	Grants & City Improvement Plan
Contracts Administrator	Small Works/Contracts
City Clerk	Agreements & Other Contracts
Accounts Payable	Accounts Payable & Vendors

*“A fair system of public contracting is not just about efficiency and cost savings. It’s about public trust.”*

*Judy Nadler,  
Senior Fellow, Government Ethics  
Santa Clara University*

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

#### ***“Public employment is a public trust.”***

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

It is essential that those doing business with the City observe the following guiding ethical standards:

1. Actions of City employees shall be impartial and fair.
2. The City will not accept donations of materials or services in return for a commitment to continue to initiate a purchasing relationship.
3. City employees may 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 must be made impartially.

The following are examples of items not considered gratuities:

- Discounts or concessions realistically available to the general population;
- Items received that do not result in personal gain;
- Samples to the City used for general City use.

### **1.4 Conflict of Interest**

No City staff or council member may undertake consulting, professional practice or other assignments which would result in a conflict of interest. Any employee of the City who recommends or approves a purchase and who has any financial interest in the firm involved in the purchase shall disclose his or her interest in the firm prior to recommending or approving the purchase.

### **1.5 Unauthorized Purchases**

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

## 1.6 Personal Gifts to be Declined

Personal gifts or gratuities that might influence or give the appearance of influencing the requisition or purchase of material(s) must be declined.

## 1.7 Sustainable Purchasing

The City shall acquire its goods and services in a manner that complies with all federal, state, City laws, and other requirements (e.g., City resolutions). The City shall purchase and use materials, products and services which are fiscally responsible, reduce resource consumption and waste, perform adequately, promote opportunities to lesser-advantaged segments of our community and promote human health and well-being when possible.

### **Environmental factors to consider in selecting products include:**

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs).
- Waste generation.
- Greenhouse gas emissions.
- Recycled content.
- Energy consumption.
- Depletion of natural resources, and;
- Potential impact on human health and the environment.

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

- Use of local businesses.
- Use of small, minority and women-owned businesses.
- Ergonomic and human health impacts.

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

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



## Speaking the Same Language

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

### **Purchasing, Procurement**

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

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

### **Vendor, Contractor, and Consultant:**

**Vendor** is typically used when referring to a supplier, one who sells goods, materials, or supplies.

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

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

### **Bid, Quote, Proposal**

**Bid** is an offer submitted by a contractor in response to an invitation to bid (ITB) or advertisement. Typically, bids result in contracts awarded to the lowest responsive, responsible bidder.

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

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

## 1.8 What This Guide Covers

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

The goals are to ensure that the purchase process:

- *Creates open and fair competition.*
- *Includes terms and conditions required to protect the City.*
- *Meets ethical standards.*

### From Beginning to End...

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

- [Define the need](#) – What kind of Purchase is this?
- [Determine the cost](#) – How much will this cost?
- [Process](#) – How do I procure it?
- [Protecting the City](#) – How do we properly protect the City from liability?
- [Authority](#) – Who has to approve it?
- [Contract Administration](#) – What are my responsibilities?

## TIPS & FAQ's

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### Acronyms

**SOQ** – Statement of Qualifications

**RFQ** – Request for Qualifications

**RFP** – Request for Proposal

**ITB** – Invitation to Bid (Formal Bid)

**ITQ** – Invitation to Quote (Small Works)

**MWDBE** – Minority, Women, and Disadvantaged Business Enterprise

**CIP** – City Improvement Plan

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## 1.9 Define the Need

The first question that should be answered is what type of purchase is it? The major categories of purchases include:

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

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

- *Examples: demolition, remodeling, renovation, road construction, building construction, and utilities construction.*
- *Ordinary maintenance is not specifically defined in this statute but is generally considered to include work not performed by contract and performed on a regular basis to service, check or replace items that are not broken.*
- *For purposes of prevailing wage requirements, public works includes ordinary maintenance when performed by contract. See Section 3.3.*

### **Materials, Supplies and Equipment**

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

- *Examples: Office supplies, off the shelf software, hardware, trucks, copy machines, auto parts, gravel, janitorial supplies.*

### **Services:**

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

#### **1. Professional Services:**

Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.

- *Examples: accountants, attorneys, consultants, graphic artists.*

#### **2. Architectural and Engineering Services (A&E Services):**

These services are to be acquired under the authority and procedures outlined in [RCW Chapter 39.80](#).

- *Examples: Engineers, land surveyors, architects, and landscape architects.*

### 3. General Services:

All other service related work that is not considered a public work or professional service. Most often these are routine in nature (i.e.: yearly, monthly, weekly, etc.)

- *Examples: Building maintenance, elevator maintenance, automotive services, and instructors.*

## 1.10 Determine the Cost

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

- All construction related work (but not engineering/architectural design fees).
- All phases of the project.
- All applicable sales and use taxes.

It should not include donated materials, labor, supplies, etc. See Appendix A for a summary of bidding requirements by project type.

## 1.11 Determining Contract Value

Contract value refers to the total aggregate value of the contract including all base periods, plus potential renewal periods.

- Example #1: A three year contract for \$40,000 per year is considered a \$120,000 contract.
- Example #2: A contract originally routed as a one year \$40,000 contract. If a renewal is negotiated for an additional year for another \$40,000, the aggregate value of the contract becomes \$80,000, which will require City Council authorization.
- Exception: Hardware/software maintenance agreements are treated as stand-alone agreements and do not need to be aggregated to the original hardware/software purchase agreement.

### Routine Work:

Departments may enter into a series of standalone contracts for routine or recurring work. **If this is done, the original contract should not contain any language pertaining to renewal periods.** Best practices dictate that a competitive process be followed every contract period.

If this is not feasible, the following alternative process outlined below should be followed:

1. A competitive process must be performed at a minimum of every four years.
2. Each stand alone contract may be based upon the original competitive process provided that the scope has not changed significantly. If the scope changes result in a cost differential of greater or less than ten percent, a new competitive process will be required.
3. Typically, only the original successful vendor may be used for each contract period. Changing vendors to the “second place proposer” should not be done unless the original competitive process clearly established the duration of the proposal validity period. All proposers would have had to agree to these terms.
4. The duration, terms, conditions, and requirements of the contract shall be clearly identified in the original competitive process to all proposers.
5. All signature authority levels apply to each stand alone contract.
6. Executing a series of standalone contracts should not be done for the purposes of avoiding council approval.

#### **Short-Term, Stand-Alone Contracts – Bridge Contracts:**

A short-term, stand alone contract may be used in instances where it is not feasible to complete a competitive process prior to contract award. The purpose of these short-term, stand alone contracts is to “bridge” the gap between contracts until such time that a full competitive process may be completed. The reason for utilizing a “bridge contract” must be fully explained and detailed when routing the contract.

## **1.12 Exceptions to the Competitive Process**

### **Request an exception to the competitive process:**

*Applies to contracts for public works and contracts for purchases.*

Exceptions to this policy must be approved in writing by the City Council. Exceptions should make good business sense and be in the best interest of the City. In all cases, it is the City’s responsibility to conduct a good faith review of all available providers and determine that the requested vendor is the only applicable provider of such services/items.

**It is important to note that ONLY the requirement for competitive bidding or advertising is waived. It does not waive any contractual requirements, approvals, or insurance requirements.**

**Exemptions to the Competitive Bidding Requirements as Provided in RCW 39.04.280(1):**

Type	Example
<b>Purchases that are clearly and legitimately limited to a single source of supply</b>	<ul style="list-style-type: none"> <li>• Licensed or patented goods or service.</li> <li>• Items that are compatible w/ existing equipment, inventory, systems, programs or services.</li> <li>• Meets City standards (i.e. meters).</li> <li>• Factory-authorized warranty services.</li> <li>• Meets the specialized need of the City.</li> </ul>
<b>Purchases involving special facilities or market conditions</b>	<ul style="list-style-type: none"> <li>• Item is of special design, shape or manufacture that matches or fits w/ existing equipment, inventory, systems, programs, or services.</li> </ul>
<b>Purchases of insurance or bonds</b>	<ul style="list-style-type: none"> <li>• Insurance or bonds.</li> </ul>
<b>Purchases in an emergency</b>	<ul style="list-style-type: none"> <li>• See section <a href="#">1.13</a> .</li> </ul>
<b>Certain government to government purchases</b>	<ul style="list-style-type: none"> <li>• If another City provides maintenance service to our City using their own forces, no competitive bidding requirements arise. However, if the other City contracts with a private company for this service, competitive bid limits would apply. (Example: City of Bremerton servicing traffic lights).</li> </ul>

**Exemption Process:**

Complete a written request to the City Council including:

- Explain why this option is the only option, makes good business sense, and is in the best interest of the City. Explain what features/knowledge/qualifications the vendor can provide that are not available from other sources. Outline steps taken to verify that this is the only vendor available to possibly include an 1)Internet Search, Telephone Book/Yellow Pages, 2) Advertisement in paper with a “Notice of Intent to Contract”, and/or 3)Advice from expert consultant in service area who is familiar with the market.
- The request needs to be signed by the requestor, Department Director, and the Mayor, following Council approval. City Council shall pass a resolution approving this determination.

## Tips & FAQ's

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

**A:** This is defined as an “Urgent Need”.

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

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

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

## 1.13 Urgent Need or Emergency

An “Urgent Need” is defined as “an immediate need for goods or services (non-emergency) that does not allow for the normal purchase processing time”.

### Urgent Need Process:

- Step 1 – Determine action needed.
- Step 2 – Evaluate budget capacity.
- Step 3 – Contact Finance Director if purchase will exceed the budget or financing assistance is required.

### Declared Emergencies:

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

### Declared Emergency Process:

- Step 1 – Mayor declares an emergency and City Attorney prepares emergency declaration.
- Step 2 – Upon authority from the Mayor, the department may authorize work and /or equipment procurement required to address the emergency situation.
- Step 3 – Department will develop contract with written determination of the basis for the emergency and for the selection of the particular vendor. This written determination shall be included in the contract file.
- Step 4 – Award the contract.
- Step 5 –Department to schedule the contract award on next City Council agenda. City Attorney will prepare materials necessary to ratify emergency declaration finding not later than two weeks following the award of the contract.
- Step 6 – A record of the emergency procurement shall be made at the next subsequent City Council meeting.

## Tips & FAQ's

### TIP

Advertising requirements are found in the following codes:

[RCW 39.80.030](#) – Professional Services

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

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

## 2.0 New Procurement

### 2.1 Initiate a New Procurement

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

The following table summarizes the types of new procurements typically performed at the City of Poulsbo:

Options for New Procurements	Standard Process*	Who to contact?
Credit Card	US Bank Reconciliation	Accounts Payable
Personal Reimbursement	Expenses Claim Form	Accounts Payable
Materials, Supplies & Equipment < \$15,000	Claims Process	Subject to Dept. approval and budget capacity
Materials, Supplies & Equipment > \$15,000	Purchase Agreement by Competitive Bid	Subject to Dept. approval and budget capacity
Public Works	Invitation to Bid Contracts	Contracts Administrator
A & E/Prof Services	Request for Qualifications Contract	Contracts Administrator
General Services < \$35,000	Quote Requisition	Contracts Administrator
General Services > \$35,000	RFP Contract	Contracts Administrator

**NOTE:** Depending upon the nature of the project, it may be necessary to modify the standard process if other factors, such as risk, are involved. These may be looked at on a case-by-case basis.

## 2.2 Small Purchases of Goods & Services

### Small Purchases of Goods and Services:

Small purchases are typically goods and services (excluding Public Works) under \$15,000. These purchases can be made using one of the following processes:

Process	Dollar Limit	Allowed Uses	Non-Allowed Uses
<p><b>Credit Card</b> (see City of Poulso Procurement Card Policy and Procedures Manual adopted by Ord. 2001-18)</p> <p><i>*It is strongly recommended you use the City credit card vs. personal</i></p>	<p>Up to \$1K/mo. for individuals. &amp; \$5K/mo for departments</p> <p><i>*Exceptions may be made with the Finance Directors approval</i></p>	<p>Business related purchases of goods and services i.e., subscriptions, seminars, catering, maintenance, repair, operations, office supplies, computer peripherals, software</p>	<p>Alcohol, capital equipment, cash advance, consulting services, personal items, professional services</p>
<p><b>Personal Reimbursements</b></p>	<p>Up to \$1,000</p> <p><i>*Exceptions may be made with the Finance Directors approval</i></p>	<p>Small incidentals such as postage, ferry tolls, parking fees, CDL license, meals, and mileage</p>	<p>Regular business related goods and services</p>
<p><b>Claims Request</b></p>	<p>\$15,000</p>	<p>Goods and Services at low risk and not otherwise covered under a contract, or required to be bid</p>	<p>Capital expenditures, contracts</p>



## Tips & FAQ's

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

**A:** For State contracts:

<http://www.des.wa.gov/services/ContractingPurchasing/CurentContracts/Pages/default.aspx>

For DIS contracts:

<http://www.des.wa.gov/services/ContractingPurchasing/ITContracts/ITMasterContractPages/default.aspx>

### TIP

Some vehicle and heavy equipment purchased through the state do require a State PO prior to purchase.

### TIP

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

## 2.3 State Contracts

Both the [Washington State Department of General Administration](#) and the [Department of Information Services \(DIS\)](#) offer existing contracts for goods and services that the City may use.

When using a state contract we are, in essence, “piggybacking” off of their competitive process thus eliminating the need to perform our own. The City pays an annual fee to the state for the ability to piggyback off of their contracts and encourages the use of these contracts whenever possible.

### 1. The Competitive Process:

#	Task	Action	
1.	Review State contract website for piggyback requirements	Work with State buyer.	✓
2.	Contact vendor to verify if vendor will honor state contract pricing	Obtain details regarding all aspects of purchasing including invoicing, availability, delivery, etc.	✓
3.	Contact buyer to place order	Place order and process invoice for payment.	✓

### 2. Completing the Purchase:

- State contracts include standard terms and conditions. When piggybacking off of a state contract, all of the state contract terms and conditions apply.
- Occasionally, the City may opt to change the state’s contract requirements which will require the City to develop its own Purchase Agreement identifying those requirements that are unique to the City’s purchase.

### 3. Approval Process:

Type	Dollar Amount	Authority
Purchase Agreement for materials, supplies & equipment or services	\$15,000 or less*	Department Head (or designee) as long as there is budget capacity.
Purchase Agreement for materials, supplies & equipment or services	\$15,000 – \$75,000*	Mayor, as long as there is budget capacity.
Purchase Agreement for materials, supplies & equipment or services	\$75,000 and above*	City Council Approval

\*Including sales/use tax

## Tips & FAQ's

### TIP

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

- A request for proposals (RFP) must be published in the newspaper of general circulation at least 13 days before the last date on which the proposals will be received.
- The RFP must identify significant evaluation factors, including price, and their relative importance.
- The City must provide reasonable procedures for technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
- The award must be made to the qualified bidder whose proposal is "most advantageous" to the City. The City may reject all proposals for good cause and request new proposals.

## 2.4 Large Purchases for Materials, Supplies & Equipment

### 1. The Competitive Process:

Per [RCW 35.23.352\(6\)](#), any purchase of material, supplies, and equipment, where the cost thereof exceeds \$7,500 shall be by competitive bidding.

### Formal Equipment Bid Process:

#	Task	Who	Action	
1.	Identify Grants or Federal Funds as applicable	Dept	Notify Grant Accounting Technician	✓
2.	Prepare Bid Documents	Dept	Forms shall include: Advertisement Non-Collusion Equal Opportunity Bid Proposal Sheet Bidder's Checklist Bid Bond (if necessary)	✓
3.	Prepare Product Specifications	Dept	Considerations: Warranties Delivery Liquidated Damages	✓
4.	Advertise, Publish and Notify	Dept	Advertise in official newspaper Publish Bid on internet Email notification to recommended roster participants (if any)	✓
5.	Addenda Required?	Dept	Department to write addenda, notify plan holders & post online	✓
6.	Schedule & Conduct Bid Opening	Dept	Department to schedule conference room, open & read sealed bids	✓
7.	Bid Award	Dept	Determine the lowest, responsible, responsive bidder Schedule award date Prepare Council agenda materials (Motion to Award) Prepare contract paperwork for vendor signatures Prepare routing for internal signatures	✓

**2. Completing the Purchase:**

Step 1 – The Purchase Agreement should include three complete sets:

- Purchase Agreement – signed by vendor.
- Attachment A – Bid/Specifications including successful vendor’s required forms submitted at time of bid (e.g.: Non-Collusion, Affidavit of Equal Opportunity, and Bid Offer Form).
- Attachment B – City’s Insurance Requirements w/successful vendor’s Certificate of Insurance.

Step 2 – Routing

- Complete the Contract Routing/Approval Form.
- Attach copy of draft agenda memo materials.
- Notify Accounting Technician to create contract purchase order for contract tracking and payment processing purposes.

**3. Approval Process:**

Type	Dollar Amount	Authority
Purchase Agreement	\$15,000 or less*	Department Director (or designee) as long as it has budget capacity.
Purchase Agreement	\$15,000 - \$75,000*	Mayor, as long as there is budget capacity.
Purchase Agreement	\$75,000 and above*	City Council approval

\*Including sales/use tax

## TIPS & FAQ's

### TIP

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

### TIP

When the City executes any public work exceeding \$5,000 by any means or method other than by contract or small works roster, it must keep a full, true and accurate account and record of the costs of executing such work as prescribed in [RCW 39.04.070](#). The Public Works Record form to be used is prescribed by the BARS manual is found in the appendix.

Prior to commencement of the public work project, the finance department, upon request, will build a project number and account numbers for use in coding all costs associated with the project.

## 2.5 Public Works

### **Bid Limit:**

According to [RCW 35.23.352](#), any second-class city, defined as a city with a population between 1,501 and 10,000, may construct any public work by contract or day labor without calling for bids when the estimated cost of the work or improvement, including cost of materials, supplies and equipment will not exceed \$65,000 if more than one craft or trade is involved or \$40,000 if a single craft or trade is involved. Whenever the cost of the public work or improvement will exceed these figures, the project shall be done by contract, provided the city may let contracts using the small works roster process provided in [RCW 39.04.155](#).

### **Determining the Cost of a Public Work:**

The total construction cost of each project must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. This estimate may be prepared by an outside third party; however the final cost estimate must be validated by the City. The total construction cost (estimated as if the project were to be bid) is used to make that determination. The estimate shall include materials, supplies, equipment, and labor on the construction of that project AND applicable sales and use taxes. However, the value of volunteer labor, material, or equipment need not be included in the cost estimate for a public works project, as these are not a cost to the agency. For any project completed by any means or method other than a contract, such as using City workers, and the estimated cost will exceed \$25,000, the City must publish a description of the project and its estimated cost in the official newspaper at least fifteen days before beginning work as required by [RCW 39.04.020](#).

### **Bid Splitting:**

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

### **Small Works Roster:**

When the estimated cost of a public works project is \$300,000 or less, the City may follow the Small Works Roster (SWR) process for construction of a public work or improvement as an alternative to the general competitive bidding requirements, in accordance with [RCW 39.04.155](#). The City of Poulsbo has contracted with the [Municipal Research and Services Center of Washington \(MRSC\)](#) for the City use of a state wide electronic database for small public works roster and consulting services developed and maintained by MRSC.

## TIPS & FAQ's

### TIP

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

### **Publication:**

At least once a year, on behalf of the City, MRSC shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to the appropriate MRSC roster or rosters at any time that they submit a written request and necessary records. The City may require master contracts to be signed that become effective when a specific award is made using a small works roster.2.6 Public Works – Limited Public Works

## **2.6 Limited Public Works – SWR**

### **SWR Process - Under \$35,000**

#### **1. Competitive Process:**

- If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars (\$35,000), the City may award such a contract using the limited public works process provided under RCW [RCW 39.04.155\(3\)](#).
- Department will contact contractors off the Small Works Roster. Invitation for quotations shall include an estimate of the scope and nature of the work to be performed, materials and equipment to be furnished, and the date, time and location to return quote. However, detailed plans and specifications need not be included in the invitation.
- A minimum of three electronic or written quotations shall be solicited.
- The City will maintain a list of the contractors contacted and contracts awarded during the previous 24 months under the limited public works process, including contractor name, registration number, amount of contract, brief description of work and date contract awarded.
- [Prevailing Wage](#) is required.

#### **2. Completing the Purchase:**

##### *Contract:*

Step 1 - The Small Public Works contract should include 3 complete bid packages including:

- Small Public Works contract – signed by the contractor.
- City's Scope of Work.
- Contractor's Quote.
- City's Ins. Requirements & Contractor's Ins. Cert.
- Prevailing Wage Rates & Benefit Code Key.

Step 2 - Routing

- Complete the Contract Routing/Approval Form.
- Attach copy of agenda memo materials if applicable.

## TIPS & FAQ's

### TIP

#### Invitations to Bid:

Per [RCW 39.04.155\(2\)\(c\)](#) quotations may be invited from all appropriate contractors on the roster. As an alternative, quotations may be invited from at least five contractors on the roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the roster.

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

If the estimated cost of the work is \$150,000 to \$300,000, the City may choose to solicit bids from less than all appropriate contractors on the roster but must notify the remaining contractors on the roster that quotations on the work are being sought. The City has the sole option of determining whether this notice to the remaining contractors is made by:

- I. Publishing notice in a legal newspaper in the general circulation in the area where the work is to be done
- II. Mailing a notice to these contractors; or
- III. Sending a notice to these contractors by facsimile or email.

### 3. Approval Process:

Type	Dollar Amount	Authority
Limited Public Works - Single Craft	Up to \$40,000*	Mayor, as long as there is budget capacity
Limited Public Works - More than One Craft	Up to \$65,000*	Mayor, as long as there is budget capacity
Limited Public Works - All Other	Up to \$35,000*	Mayor, as long as there is budget capacity

\*Including sales/use tax

## 2.7 Public Works – Small Works Roster

### SWR Process – Between \$35,000 and \$300,000

#### 1. Competitive Process:

*The following Small Works Roster procedures cover projects between \$35,000 and \$300,000, and are established for use by the City pursuant to [RCW 39.04.155\(1\)](#).*

- Department will compile bid package and contact contractors.
- The notice to bid is to be published in the official newspaper at least 13 days prior to the date bids are to be received. The notice shall state the nature of the work for which plans and specs will then be on file.
- Bids must be sealed and filed within the time specified.
- Each bid requires a bid proposal deposit of 5% or more in the form of cashier's check, postal money order, or surety bond.
- Prevailing Wage, Public Bid opening and Council Approval is required.

#### 2. Completing the Purchase:

*Contract:*

Step 1 – The Small Public Works contract should include 3 complete bid packages including:

- Small Public Works contract and Addenda.
- All awarded contractor's bid submittal forms.
- Contractor's Insurance Certificate.
- Complete Retainage Selection Option Form.

Step 2 – Routing

- Attach copy of agenda memo materials if applicable.

#### 3. Approval Process:

Type	Dollar Amount	Authority
Public Works - More than One Craft	Up to \$65,000*	Mayor, as long as there is budget capacity.
Public Works - All Other	Up to \$300,000*	Mayor up to \$75,000 as long as there is budget capacity, otherwise, City Council Approval

\*Including sales/use tax

## TIPS & FAQ's

### TIP

Public Works that are federally funded have additional advertisement requirements.

## 2.8 Public Works – Formal Bid Process

### Formal Bid Process – Over \$300,000

1. **Competitive Process:** Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable local governments to obtain the best work or supplies at the most reasonable prices. It is also designed to provide a fair forum for bidders and to protect the public interest.

- Department will compile bid package.
- The notice to bid is to be published in the official newspaper at least 13 days prior to the date bids are to be received. The notice shall state the nature of the work for which plans and specs will then be on file.
- Bids must be sealed and filed within the time specified.
- Each bid requires a bid proposal deposit of 5% or more in the form of cashier's check, postal money order, or surety bond.
- Prevailing Wage is required.
- Public bid opening is required.
- Council Approval is required.

2. **Completing the Purchase:**

*Contract:*

Step 1 – The Public Works contract should include 3 complete bid packages including:

- Public Works agreement – signed by the contractor.
- Any Addenda.
- All awarded contractor's bid submittal forms.
- Contractor's Insurance Certificate.

Step 2 – Routing

- Complete the Contract Routing/Approval Form.
- Attach copy of agenda memo materials if applicable.

3. **Approval Process:**

Type	Dollar Amount	Authority
Large Public Work	Over \$300,000	City Council Approval

## 2.8 Public Works: Formal Bid Process (cont.)

### 4. Formal Bid Process:

#	Task	Who	Action	
1.	Obtain Project Number	Dept	Obtain project number from Finance Dept – Accounting Technician.	✓
2.	Identify Grants of Federal Fund	Dept	Notify Finance Dept, as applicable.	✓
3.	Prepare Bid Documents	Dept	Forms shall include: <ul style="list-style-type: none"> <li>• Advertisement</li> <li>• Non-Collusion</li> <li>• Equal Opportunity</li> <li>• Bid Proposal Sheet</li> <li>• Bidder's Qualifications</li> <li>• Supplemental Criteria</li> <li>• Bidder's Checklist</li> <li>• Performance Specifications</li> <li>• Bid Bond (if necessary)</li> <li>• Debarment form</li> </ul>	✓
4.	Advertise, Publish and Notify	Dept	<ul style="list-style-type: none"> <li>• Advertise, Publish Bid on internet</li> </ul>	✓
6.	Schedule & Conduct Bid Opening	Dept	<ul style="list-style-type: none"> <li>• Department to schedule conference room</li> <li>• Department to open &amp; read sealed bids</li> </ul>	✓
7.	Determine if Bidder is deemed Responsive and Responsible <a href="#">2.16 No Bids or Non-Responsive/Responsible Bids or Submittals</a>	Dept	<ul style="list-style-type: none"> <li>• Department to review low bid received against responsibility and responsive criteria and reject non-responsive/responsible bidders</li> </ul>	✓
8.	Document Reasonable Cost	Dept	<ul style="list-style-type: none"> <li>• Compare Bid against original cost estimate and determine and document the “spread” is reasonable</li> <li>• If cost spread is not reasonable, the low bid may be rejected.</li> </ul>	✓
9.	Bid Award	Dept	<ul style="list-style-type: none"> <li>• Department to prepare agenda materials</li> <li>• Department to schedule award with CouncilRoute contract</li> <li>• Complete retainage selection form</li> </ul>	✓



**Term:** *Equipment/Material Cost*  
+ *Cost of Installation* = **Project Cost**

## 2.9 Large Purchases for Equipment Including Installation

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

Occasionally projects include the direct purchase of equipment separate from the installation. For example, the City can purchase equipment for \$50,000 off of a state contract at a lower cost, and the installation is estimated to cost \$25,000.

### **How do we bid this project?**

Because we cannot split public works into units to avoid the bidding process, we must combine the cost of the two purchases and treat them as one to establish the “project cost”. In this example, the project cost of the entire project is \$75,000 (equipment @ \$50,000 + installation @ \$25,000), which exceeds the City’s limited public works bid threshold of \$35,000. Therefore the public work installation must be put out to bid. The purchase of the equipment will be made using the state contract.

### **What kind of contract do we use?**

For this project, because the public works installation is under \$35,000, we would use a Small Public Works Contract. Public works contracts under \$35,000 would not require retainage or bonding, so these requirements would be waived. However, because the project cost is \$75,000, this contract will have to go to council for approval.

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

### **1. The Competitive Process:**

For the competitive process requirement, we use the Project Cost values:

- Add the cost of the equipment purchase and installation costs to establish the Project Cost.
- Per the Project Cost values:
  - Follow appropriate equipment competitive process.
  - Follow appropriate Public Works competitive process (Project Cost = \$75,000, follow SPW Process between \$35K-\$300K).

## TIPS & FAQ's

### Examples of Professional Services:

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

## 2.9 Large Purchases for Equipment Including Installation (cont.)

### 2. Completing the Purchase:

- Use appropriate equipment purchase process (purchase agreement) for the value of the equipment only.
- Use appropriate public work contract (small public work contract, public work agreement) for the value of the public work only.
- All other public work contract requirements such as retainage, bonding, etc. shall also apply per the value of the public work only.

### 3. Approval Process:

For the approval process, we use the project cost values:

Type	Dollar Amount	Authority
Purchase Agreement for materials, supplies & equipment	\$15,000 or less*	Department Head (or designee) as long as there is budget capacity
Purchase Agreement for materials, supplies & equipment	\$15,000 - \$75,000*	Mayor, as long as there is budget capacity
Purchase Agreement for materials, supplies & equipment	\$75,000 and above	City Council Approval

\*Including sales/use tax

## 2.10 Purchases of Professional Services

Services provided by independent contractors that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.

### 1. The Competitive Process:

RCW 39.80.030 requires that the City shall publish in advance the City's requirement for professional services. The City may comply with this section by (1) Publishing an announcement on each occasion when professional services provided by a consultant are required by the City; or (2) Announcing generally to the public its projected requirements for any category of type of professional service.

Advertising for the Consultant Roster must be done at least once a year by MRSC on the City's behalf. The MRSC Consultant Roster will distinguish between professional architectural and engineering services as defined in RCW 39.80.020 and other consulting services. Firms or persons providing consulting services shall be added to the appropriate roster at any time they submit a written request and necessary records. The City reserves the right to publish an announcement on each occasion when professional services or other consulting services are required.

To ensure a more competitive process, the City has adopted tighter standards for competitive selection of professional services providers. Unless the Mayor approves in writing an exception based on the best interests of the City prior to signing the agreement, the City shall follow the following competitive process for selection of these services:

- Up to \$15,000 – no competitive process required. It is still incumbent on department to ensure that price is reasonable and provider is qualified.
- \$15,000 to \$20,000 – Solicit competition from at least three consultants from the Consultant Roster.
- \$20,000 to \$50,000 – Use either the Consultant Roster to solicit competition from at least three consultants (with one having a MWDBE classification when possible) or RRP/RFQ process.
- Above \$50,000 – Formal advertised RFP or RFQ process required.

**2. Completing the Purchase:**

Step 1 – The Professional Services Agreement should include:

- Professional Services Agreement – signed by consultant.
- City’s Scope of Services.
- Consultant’s Proposal.
- City’s Standard Insurance Requirements & Consultants insurance certificate.

Information and Technology contracts may also include:

- Security Addendum, Nondisclosure Agreement, and Technology Resource Usage Policy.

**3. Approval Process**

Type	Dollar Amount	Authority
Purchase of Professional Services	\$15,000 or less*	Department Head (or designee) as long as there is budget capacity
Purchase of Professional Services	\$15,000 - \$75,000*	Mayor, as long as there is budget capacity
Purchase of Professional Services	\$75,000 and above*	City Council Approval

\*Including sales/use tax

## TIPS & FAQ's

### Acronyms

**SOQ** – Statement of Qualifications

**RFQ** – Request for Qualifications

**RFP** – Request for Proposal

**ITB** – Invitation to Bid

**ITQ** – Invitation to Quote

**MWDBE** – Minority, Women, and Disadvantaged Business Enterprise

### Examples of A & E Services:

Engineers, land surveyors, architects & landscape architects

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

**A:** It's true, state law does not require competition for services. However, City policy is more restrictive than that of the State.

## 2.11 Purchases of A & E Services

These services are to be acquired under the authority and procedures outlined in chapter [RCW 39.80](#).

### 1. The Competitive Process:

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

- Roster/SOQ Review – It is the City's policy to select three or more consultants from the A&E roster maintained by MRSC in relevant service category and evaluate their qualifications. At least one consultant must have MWDBE classification when possible. Documentation of the three reviews is required.
- Project Specific RFQ – Use the Consultant Roster to send out RFQ to consultants in relevant service category. At least one consultant must have a MWDBE classification when possible (see RFP's and RFQ's [Sec 2.13](#) for further information)

### 2. Completing the Purchase:

Step 1 – The Professional Services Agreement should include 3 complete sets:

- Professional Services Agreement – signed by consultant.
- City's Scope of Services.
- Consultant's Proposal.
- City's Standard Insurance Requirements.
- Professional Liability (Error & Omissions).
- Consultant's insurance certificate.

Step 2 - Routing

- Complete the Contract Routing/Approval Form.
- Attach copy of agenda memo materials if applicable.

### 3. Approval Process:

Type	Dollar Amount	Authority
Purchase of Architectural and Engineering	\$15,000 or less*	Department Head (or designee) as long as there is budget capacity
Purchase of Architectural and Engineering	\$15,000 -\$75,000*	Mayor, as long as there is budget capacity
Purchase of Architectural and Engineering	\$75,000 and above*	City Council Approval

## TIPS & FAQ's

### Examples of General Services:

- Customized accounting software and ongoing support services
- Cemetery, landscaping, building and grounds maintenance contracts
- Contracts for snow and ice removal
- Garbage collection and disposal (Solid waste collection and disposal contracts do not have to be bid. An RFQ/RFP process as noted in [RCW 35.21.156](#) can be used.
- Maintenance contracts for office equipment, including computers
- Official newspaper (must call annually for bids per [RCW 35.23.352\(7\)](#))

### TIP

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

## 2.12 Purchases of General Services

All other service related work that is not considered a public work or professional service. Most often these are routine in nature (i.e.: yearly, monthly, weekly, etc.) The RCW's do not require a competitive process for the selection of general services, with the exception of the City newspaper.

To ensure a more competitive process, the City has adopted tighter standards for competitive selection of professional services providers. Unless the Mayor approves in writing an exception based on the best interests of the City to signing the agreement, the City shall follow the following competitive process for selection of these services:

### 1. The Competitive Process:

The competitive process for general services is broken into three categories:

- Up to \$15,000 – no competitive process required. It is still incumbent on department to ensure that price is reasonable and provider is qualified.
- \$15,000 to \$20,000 – Either a “3 quote” process or more competitive process may be used.
- \$20,000 to \$50,000 – RRP/RFQ process.
- Above \$50,000 – Formal advertised RFP or RFQ process required. (see RFP's and RFQ's pg. 24).

### 2. Completing the Purchase:

Step 1 – The General Services Contract should include 3 complete sets:

- General Services Contract – signed by contractor.
- Attachment A – City's Scope of Services.
- Attachment A1 – Contractor's Quote/Proposal.
- Attachment B – City's Standard Insurance Requirements.
- Consultant's insurance certificate.
- Attachment C – Prevailing Wage Rates & Benefit Code Key.

Step 2 - Routing

- Complete the Contract Routing/Approval Form.
- Attach copy of agenda memo materials if applicable.

### 3. Contract Approval Process:

Type	Dollar Amount	Authority
Purchase of Architectural and Engineering	\$15,000 or less*	Department Head (or designee) as long as there is budget capacity
Purchase of Architectural and Engineering	\$15,000 - \$75,000*	Mayor, as long as there is budget capacity
Purchase of Architectural and Engineering	\$75,000 and above*	City Council Approval

\*Including sales/use tax

## TIPS & FAQ's

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

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

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## 2.13 RFP's and RFQ's

### **Request for Proposals (RFP):**

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

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

#### *Elements of an RFP –*

1. Project Background and Scope of Services.
2. Definitions.
3. Minimum Qualifications.
4. Technical Requirements (if any).
5. Schedule.
6. Cost Proposal.
7. Submittal Requirements.
8. Evaluation Process and Criteria.
9. Insurance Requirements.
10. Funding Sources (if applicable).

### **Request for Qualifications (RFQ):**

An RFQ is a method of soliciting competitive proposals that considers and evaluates companies on the basis of demonstrated competency and qualification rather than price. This process is typically used for A & E services where price is not a consideration. An RFQ will generally result in negotiations.

#### *Elements of an RFQ –*

1. Project Background and Scope of Services.
2. Project Budget and Source of Funding.
3. Schedule.
4. Minimum Qualifications.
5. Submittal Requirements.
6. Selection Process/Evaluation Criteria.

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

## 2.13 RFP's and RFQ's (Cont.)

### Request for Proposals/Qualification:

#	Task	Who	Action	
1.	Identify need	Dept	Develop Scope of Services	✓
2.	Determine the Estimated Cost	Dept	Confirm Sufficient Budget Exists	✓
3.	Identify Grants or Federal Funds	Dept	Notify Finance Dept.	✓
4.	Develop Draft RFP/RFQ	Dept	Considerations: <ul style="list-style-type: none"> <li>• Schedule</li> <li>• Scope of Services</li> <li>• Qualifications</li> <li>• Selection Process/ Evaluation Criteria</li> <li>• Submittal Requirements</li> <li>• Proposal Validity Period</li> <li>• Term of contract</li> </ul>	✓
5.	Finalize RFP/RFQ	Dept	Finalize and review	✓
6.	Identify appropriate roster category	Dept	Identify roster category and companies	✓
7.	Advertise, Publish and Notify	Dept	<ul style="list-style-type: none"> <li>• Advertise</li> <li>• Publish RFP on City's website</li> <li>• Email notification to recommended roster participants</li> </ul>	✓
8.	Evaluate RFP's	Dept	Dept. to identify selection committee	✓
9.	Conduct Interviews	Dept	Dept. to schedule	✓
10.	Identify "Apparently Successful Proposer"	Dept	Seek mgmt. approval to negotiate w/ "Apparently Successful Proposer"	✓
11.	Negotiate Contract	Dept	Goal: To reach a mutually advantageous position on issues of concern while fulfilling requirements of contract.	✓
12.	Award Contract	Dept	Prepare council agenda materials and route contract	✓

## TIPS & FAQ's

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### Acronyms

**SOQ** – Statement of Qualifications

**RFQ** – Request for Qualifications

**RFP** – Request for Proposal

**ITB** – Invitation to Bid

**ITQ** – Invitation to Quote

**MWDBE** – Minority, Women, and Disadvantaged Business Enterprise

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## 2.14 Contracting 101

A contract is basically an agreement between two or more people to do something. In a public purchasing context, a contract is an agreement by a vendor to provide goods or services to the City in return for receiving payment from the public agency. The following is the basics for entering into a contract:

### The Invitation:

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

### The Offer:

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

### The Acceptance:

- The City must now accept one of the offers.
- The acceptance is a communication showing agreement to the exact terms of the offer or a **contract**.
- A contract requires an **offer** and **acceptance**.
- Contracts must show that the offer made by the contractor has been accepted.
- There are two ways to accomplish this. Include in your contract:
  1. City's Scope & Contractor's quote/bid.  
-Or-
  2. If only using contractor's quote/bid, include the following:  
"The terms of this [quote/proposal] are mutually acceptable to the City and Contractor and are hereby incorporated by reference into this Agreement as the Scope of [Work/Service]."



## **2.15 Bid Opening Process**

### **Bid Due Dates**

Time is of the essence. It is important to make the bid submittal time clear in the bid documents. For example, “The bid form will be received up to 3:00:00 p.m. on April 27, 2010. Bids received after the date and hour, based on the time on our atomic clock, will not receive consideration.” For example, if a bid is due at 2:00 p.m, a bid received at:

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

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

### **Equal Treatment of Bidders**

Avoid giving bidders an advantage to include: not permitting bidders use of private offices and conference space for finalizing bid prices, providing envelope for bidder to use in sealing the bid, or permitting bidder to use the agency’s telephone, computer, fax, or photocopier. Avoid disclosing the names and numbers of bidders who have submitted bids.

### **Receiving Bids Checklist**

- Is the bid in writing? (No fax, email, telephone or oral bids). Note the Small works Roster may have less formal requirements.
- Did the bidder attend the mandatory pre-bid meeting, if applicable?
- Is the Bid envelope sealed? Offer tape if not sealed.
- Is the correct information on the envelope?
- Is the time stamp clear?
- Is the time stamp prior to deadline?
- All bids received shall be kept in a secure and centralized location not accessible to other bidders. Bids should never be left unattended.

### **Withdrawal & Modification of Bids**

- A request to withdraw or modify the bid in advance of the deadline may be received verbally or in writing. If unfamiliar with the bidder, ask for identification.
- Make a photocopy of the face of the bid envelope, ensuring the bid receipt time shows up on the copy.
- Have the bidder sign the photocopy with the following “Received by (signature, printed name, date, time.)”

## 2.15 Bid Opening Process, cont.

- Keep the original signed photocopy.
- Remove the bid receipt stamp or cross it out on the face of the bid envelope.
- Return the bid to the bidder, notifying the bidder that if they choose to resubmit the bid, it must be received prior to the bid submittal deadline, and stamped in again with a new time and date stamp, prior to the deadline.

**Modifying Bids from a Distance** The bidder may submit additional information modifying a previously submitted bid if the modification is:

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

### **Subcontractor's List**

- Due either with the bid or within one hour of the Bid Submittal Deadline.

### **Opening the Bids**

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

- Name of Bidder.
- Is bid form signed?
- Bid Amount?
- Is bid guaranty included?
- Are addenda acknowledged?
- Is subcontractor's list included?

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

## **2.16 No Bids or Non-Responsive/Responsible Bids or Submittals**

### **No Bids or Submittals Received:**

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

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

### **Determining Lowest Responsible Bidder:**

The City Council shall award the contract for the public works project to the lowest responsible bidder, provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the City Council may call for new bids. A responsible bidder shall be a registered and/or licensed contractor who meets the mandatory bidder responsibility criteria established by [RCW 39.04.350](#) and who meets any supplementary criteria established by the City.

### **Non-Responsive and/or Not-Responsible:**

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

Bids may be rejected as non-responsive for a multiple of material factors including lack of subcontractor's list when required (for contracts in excess of \$1M or contracts of 3 or more trades), insufficient bid guarantees, bids submitted after the deadline, did the bidder qualify the bid and/or lack of acknowledgement of addenda. In general, a material irregularity is required before the bid may be deemed non-responsive which is defined as any variance which provides "a bidder substantial advantage or benefit not enjoyed by others." In the event the City receives a bid or submittal on the first call but it is deemed non-responsive or non-responsible, the department shall consult with the Attorney's Office to determine whether it is a material or immaterial irregularity. Each project will be evaluated on a case by case basis.

## TIPS & FAQ's

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

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

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## 3.0 Other Considerations

### 3.1 Rule 171 – Sales Tax Exemptions

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

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

1. Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a city or town which is used primarily for pedestrian or vehicle traffic<sup>1</sup>. Materials used in constructing these projects are not exempt from the sales and use tax.
2. Labor and services for the processing and handling of sand, gravel, and rock taken from city pits and quarries when the material is for publicly-owned road projects<sup>2</sup>.

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<sup>1</sup> [RCW 82.04.050\(10\)](#). See also [WAC 458-20-171](#), nicknamed “Rule 171”.

<sup>2</sup> [RCW 82.08.0275](#) and [WAC 458-20-171](#).

## TIPS & FAQ's

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

**A:** Per RCW 39.12.030 all bid specifications and contracts shall include a list of the applicable wage rates.

### TIP

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

## 3.2 Prevailing Wages

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

Prevailing Wages are defined as the hourly wage, usual benefits and overtime, paid in the largest city in each county, to the majority of workers, laborers, and mechanics. Prevailing wages are established, by the Department of Labor and Industries, for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

**What are the responsibilities of the City when contracting for public works?** The City, in awarding a contract, must make the determination of whether that contract involves “public work” and communicate it to contractors in the bid specifications and contracts. Contractors are not responsible for making the legal determination of whether a contract does or does not meet the definition of a “public works” contract. The law does not allow cities to place this burden upon the vendor. For example, it is insufficient to state, “Contractors shall comply with the prevailing wage law, if applicable.”

**What provisions must be made for prevailing wage?** Awarding agencies must stipulate in bid specifications and contracts for public work that workers shall receive the prevailing rate of wage. Those documents must also contain a list of the applicable prevailing wage rates. Compliance with the law is not met by referring contractors to the department or other sources to obtain wage rate information.

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

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

**What are the contractor's filing requirements?** Public work contracts require that each and every contractor and sub-contractor on the project file the *Statement of Intent to Pay Prevailing Wages* and *Affidavit of Wage Paid* forms.

## 3.2 Prevailing Wages (cont.)

**Is there a minimum contract amount for a contractor to file?** There is no minimum dollar contract amount. That is, Intent and Affidavit forms are required for every public works contract regardless of the size of the contract.

**When does the contractor file Intent?** The Intent form is filed immediately after the contract is awarded and before work begins, if that is possible. The City may not make any payment until contractors have submitted an Intent form certified by the Industrial Statistician.

**When does the contractor file an Affidavit?** The Affidavit form is not filed until after all the work is complete. The City may not release final payment until all contractors have submitted an Affidavit form that has been certified by the Industrial Statistician.

## 3.3 Retainage

**What is the purpose of retainage?** According to [RCW 60.28.001\(1\)](#) “Public improvement contracts shall provide, and public bodies shall reserve, a contract retainage not to exceed five percent of the moneys earned as a trust fund for the protection and payment of: (a) The claims of any person arising under the contract; and (b) the state with respect to taxes improved pursuant to Titles 50 (Employment Security Department), Title 51 (Labor and Industries), and Title 82 (Department of Revenue).

What level of retainage is required? For Limited Public Works process contracts less than \$35,000, a contractor may opt to have 50% retained in lieu of a obtaining a performance bond.

**What are the retainage options?** The contractor may select from one of three options for managing retainage. 1) Retained in a non-interest bearing fund by the City, (2) Deposited by the City into an interest bearing account, (3) Placed in escrow with a bank or trust company by the City of Poulsbo. All Contractors subject to retainage withholding must complete the “[Contractors Declaration of Intent Form](#)”. If the escrow option is selected, the Accounting Technician in Finance must be immediately notified for the purpose of executing an [Escrow Agreement](#).

**When can retainage be released?** After final acceptance of the project, the retainage may be released after all release notifications have been received by the Department of Revenue, Department of Labor and Industries, and Department of Employment Security. Upon receipt of all releases, the contract manager shall notify the Accounting Technician in Finance to release the funds.

## 4.0 Risk Management Considerations

### 4.1 Risk Management Considerations

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

The City's approach to contracting is designed and managed so as to avoid undue exposure to risk with exceptions where it makes good business sense. Insurance requirements are completely dependent upon the activity being performed under contract. Which requirements and how much are determined on a case-by-case basis.

Certificates of insurance may be required depending on the nature and scope of the work to be performed. For the contractor insurance requirements specific to any project, the department shall consult with the Clerks department. Verification of appropriate insurance requirements shall be completed prior to the commencement of work. Any waiver of insurance requirements requires the approval of the City Clerk. This may be appropriate in the following situations:

#### **Waiving a portion of the Standard Insurance Requirements:**

- Where the contractor is a sole proprietor, the worker's compensation insurance requirements may be waived.
- Where the contractor or its employees will not be using automobiles in the performance of the contract, the business automobile requirement may be waived.

## 5.0 The Contract & Beyond

### 5.1 The Contract & Beyond

#### **Duration of Contracts:**

Public Works and A & E Service contracts typically cover the duration of a project and should include estimated time-frames and milestones.

Professional & General Service contracts may have variety of years in duration but shall not exceed four years without approval.

#### **Basis for exceptions of contract duration:**

The City may choose to issue a longer term contract if it will achieve significant cost savings with a longer contract or the contractor is required to invest in major capital equipment and a longer time-frame to support the purchase. Exceptions to contract duration shall be approved by the City Engineer and/or the Public Works Supervisor prior to contract execution.

#### **Developing the Contract – Service Contracts:**

The single most important element in the contract is the Scope of Work/Services. The Scope documents all elements of the work, magnitude of the project and reflects the mutual understanding of the parties. The scope should be consistently applied in the solicitation and the contract. Here are a few things to consider when developing your scope:

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

Other considerations when developing the contract are:

- Term of contract or period of performance.
- Compensation and payment.
- Payment terms – The City’s Standard payment terms are as follows:
  - Contractors provide monthly invoices to the City.
  - All invoices shall be paid within 30 days of receipt and approval.

#### **If the contractor does not agree to standard contract terms:**

1. Contractor identifies specific changes proposed to standard form language.
2. Department contacts attorney to review proposed changes and accept/reject.
3. Attorney makes any acceptable changes to standard form contract.
4. Department handles routing of final modified contract.



## 5.2 Payment Options

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

### **Hourly/Time and Materials:**

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

### **Fixed or Lump Sum:**

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

### **Cost Reimbursement:**

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

### **Performance Based:**

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

## **5.3 Contract Execution & Administration**

### **Contract Execution:**

The contract is fully executed when all authorized parties have signed it. Upon execution, signed copies of the contract should be provided to all interested parties including, at a minimum, the contractor and City Clerk. The City Clerk will scan each fully executed contract and make available for City staff to review electronically.

### **Contract Administration:**

Contract administration means any activity related to contracting, including the decision to contract, contractor screening, contractor selection, contract preparation, contract monitoring, auditing and post contract follow up. Typical responsibilities of the contract manager include:

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

### **Contract managers need to be mindful of the following:**

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

## 5.4 Contract Monitoring - Performance

### Monitoring Contract Performance:

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

### The purpose of monitoring is to ensure the contractor is:

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

### Monitoring Activities May Include:

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

## 5.5 Contract Monitoring -Payment

### Reviewing Invoices for Payment:

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

### Considerations:

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

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

## TIPS & FAQ's

### TIP

#### **Renewals vs. Year to Year Contracts**

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

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

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

## 5.6 Amendments & Change Orders

### Amendments:

Amendments are changes to service contracts.

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

### Change Orders:

A change order is the formal document that alters some condition of the contract documents. The change order may alter the contract price, schedule of payments, completion date, or the plans and specifications. Change Orders are changes to Public Works Agreements and reflect additional work that must be completed to meet the contract requirements and without which the work requested in the original contract could not be completed. If a change order issued is truly due to unforeseen conditions, with no change in the original scope, then a new competitive bid process is not required.

These situations should be distinguished from extra work which could stand on its own and is outside and independent of the contract. Appropriate uses of change orders include:

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

Changes that are outside the general scope of the contract are not appropriate to award through contract amendments. Such changes would have the effect of making the work performed substantially different from the work the parties bargained of at the time the original contract was awarded.

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

**Term of Contract/Period of Performance** – An extension to the contract end date is the most common change to the period of performance. Minor modifications that do not materially affect the scope or cost of the contract, such as address changes or staff changes do not require a formal amendment, but should be documented in writing.

### **Public Works and Equipment under \$35,000:**

Department Director or their designee is authorized to approve public works contract change orders until the total contract value meets or exceeds \$35,000.

### **Public Works and Equipment Purchases over \$35,000:**

- Accumulated change orders up to 5% or \$35,000 of the original contract award amount may be approved by the Department Director or their designee, as long as there is budget capacity.

- Accumulated change orders greater than 5% and up to 10% of the original contract award amount may be approved by the City Mayor or his or her designee, as long as there is budget capacity.
- Accumulated change orders greater than 10% of the original contract award amount must be approved by the City Council. Such approval establishes a new contract amount against which the above percentages apply for subsequent change orders.

**Processing Contract Amendments:**

Oral change orders are risky. Despite the fact that the contract documents requirements require all change orders to be in writing, the actions of both the owner's representative and the contractor can constructively waive that requirement.

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

Contract Amendment Approval:

- Amendments that do not change the total value of the contract (i.e.: a new contract expiration date) may be signed by the Department Head.
- The City Mayor or his or her designee is authorized to approve amendments up to the accumulated value of which is up to 10% of the original contract award amount or \$75,000, whichever is less.
- The City Council must approve amendments when the accumulated value is greater than 10% for the original contract award amount. Such authorization establishes a new contract amount against which the above percentages apply for subsequent amendments.

## 5.7 Contract Close-Out & Termination

### **Contract Termination:**

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

Contract termination should be done in writing and routed through the contract process (refer to the contract for process).

### **Contract Close-Out Process:**

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

- Invoice or pay estimate must clearly show that services was preformed prior to contract expiration.
- Sufficient funds existed prior to "close" out.

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

### **Public Works Close-Out Process for Projects >\$20,000:**

A "Notice of Completion of a Public Works Contract" form shall be filed with the State Department of Revenue for contracts \$20,000 and above.

- Once the contract is complete it is critical that the Project Manager (PM) complete the close-out process in a timely manner and stay on a schedule.
  1. **Project Acceptance Memo** (completed by PM) 45 day lien period starts from the date of project acceptance.
  2. **Committee Final Acceptance** PM requests final acceptance from council committee.
  3. **Council Final Acceptance** PM requests final acceptance from City Council.
  4. **Notice of Completion of Public Works Contract** (completed and submitted to Department of Revenue by PM.)

## 5.7 Contract Close-Out & Termination (cont.)

5. **Employment Security Release Letter** (PM will receive from Employment Security).
6. **Department of Revenue Release Letter** (PM will receive from Department of Revenue).
7. **Department of Labor & Industries Release Letter** (PM will receive from Department of Labor & Industries).

### Final Steps – Releasing Retainage:

- **5% Retainage** – Once the above mentioned letters are received the PM will request the finance department to release retainage by memo along with a copy of the letters received.
- **Retainage Bond** – Once the above mentioned letters are received the PM will release the bond, if additional retainage above the bond amount was retained then the 5% Retainage release will apply also.
- **Escrow with bank** – Once the above mentioned letters are received the PM will request the bank to release the retainage held, if additional retainage above the deposited amount was retained then the 5% Retainage release will apply also.

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



## APPENDIX A

### Summary of Competitive Requirements By Project Type

Project Type	Contract Value	Competitive Process Requirement
<a href="#">In-House Public Works Projects</a>	< \$40,000	May construct with city forces without calling for bids or quotes.
Single Trade or Craft	< \$65,000	
<a href="#">Multiple Trade or Craft</a>	< \$65,000	
<a href="#">Small Contracted Public Works Projects</a>	< \$40,000	May construct by contract without calling for bids or obtaining quotes via the small works roster. Retainage and performance/payment bond are required.
Single Trade or Craft	< \$65,000	
Multiple Trade or Craft	< \$65,000	
<a href="#">Limited Public Works Projects</a>	<\$35,000	Solicit electronic or written quotations from a minimum of 3 contractors from the small works roster. Retainage and performance/payment bond can be waived.
<a href="#">Small Public Works Roster Projects</a>	\$40K/\$65K - \$300,000	Quotations shall be solicited from at least 5 contractors on the appropriate small works roster in a manner that will equitably distribute the opportunity among the contractors. Retainage and performance/payment bond are required.
<a href="#">Competitively Bid Public Works Projects</a>	>\$300,000	Public notice and call for sealed bids. Formal award. Retainage and performance/payment bond are required.
<a href="#">Purchases of supplies, material and equipment unrelated to public works project</a> (A competitive negotiation process may be used as an alternative to bidding for computer and telecommunications equipment, software and related services.)	\$7,500	Three quotes desirable.
	\$7,500 - \$15,000	Minimum of 3 Quotes from approved vendor list.
	>\$15,000	Public Notice and Call for Sealed Bids required.
<a href="#">Purchase of A&amp;E, surveying or landscape Architecture Services</a> Selection based on review of qualifications first, then negotiations to arrive at a price that is deemed fair and reasonable to the City.	< 20,000	Review qualifications of firms on the consulting services roster and select most qualified.
	\$20 K to \$50K	Review qualifications of firms on the consulting services roster and select 3-6 most qualified firms and invite proposals. Select most qualified firm using proposals.
	>\$50K	Publish RFQ, select 3-6 firms to submit proposals. Review proposals, hold interviews, select most qualified firm.
<a href="#">Purchases of All Other Services</a>	All contracts	3 quote process for contracts \$10K – 20K, and RFP/RFQ process for contracts \$20K - \$50K, and a formal advertised RFQ/RFP process for contracts >\$50K. <\$10K no competitive process is required.