

Date: Dec. 7, 2010

**Administrative Regulation  
No. 10  
Purchasing Policy**

**I. Purpose**

The purpose of this Administrative Regulation is to establish a uniform purchasing procedure for the city. This policy is to be used in conjunction with the Purchasing Ordinance, Section 2-301 of the Portland City Code.

**II. Policy**

A purchasing system cannot function properly without the cooperation and assistance of all city departments. It is the policy of the city to promote a harmonious relationship between Purchasing and other departments. Purchasing has the duty and authority to request reconsideration of specifications or quantity of material. The final determination of quality and quantity will be made in cooperation with the requisitioning department, within budget constraints.

**III. Procedures**

A. General Procurement Procedure

The policy of the city is to maintain a responsible purchasing process with the Finance Department. This process will be administered by the Purchasing Manager, under direction of the Finance Director or their designee. The Purchasing Manager's responsibilities include administering purchasing policies, maintaining files containing all information regarding city purchasing performance, negotiating and approving purchases requested by departments, consolidating purchases of like or common items, and continually evaluating the purchasing process. Procurement commitments will be stated by contract or purchase order. All contracts must be signed by the City Manager; all purchase orders must be signed by the Purchasing Manager. As stated in the Purchasing Ordinance, selections may not be based on price alone. Purchases may also be awarded based also on availability, quality, reputation and performance capability of the vendor.

During the bid or RFP process, departments should be particularly careful not to discuss any elements of the outstanding bid/RFP with any potential vendors.

1. \$25,000 or More

Any expenditure of \$25,000 or more must be procured by a formal competitive process, as outlined in the Procurement Ordinance, unless the expenditure is a product of an open-end bid for commodities. The only exceptions are a declared emergency and sole source item, both of which must be approved by the City Manager.

An emergency situation must be supported by written explanation. An emergency is usually easily identifiable, but can include situations involving safety of the public or city employees, and repair or replacement of essential equipment. No services or goods shall be purchased prior to the City Manager's declaration of emergency.

A sole source determination must be supported by a written finding that the supplier, contractor or consultant is the only one that can supply the city with these goods or services. Such determinations are subject to verification by the Purchasing Manager and will be reviewed periodically.

To initiate a formal competitive process, an electronic requisition should be submitted and specifications should be sent to Purchasing, where a review of the requirements with the department will take place and bid or RFP materials will be developed (see *B. Requests for Proposals*). An advertisement may be placed in the local newspaper, and other publications if appropriate, including the Internet. The proposal due date will be a minimum of two weeks after the advertisement.

Requisitions will be electronically routed, after department approval, to the Finance Director, or their designee, for approval. If the purchase involves HCD funding, the requisition will first be routed to the HCD Administrator for approval. Purchases of computers will first be routed to the MIS Director for approval. Once approved, the requisition will be routed to buyer processing. Encumbrance of funds will happen with the electronic requisition process.

Purchasing is responsible for receiving each proposal and enforcing the submittal deadline. If a proposal is sent to a department it should not be opened and Purchasing should be contacted immediately. Purchasing will accept proposals up to the precisely specified date and time. Any proposals received after the deadline will be returned to the applicant unopened.

Vendors requesting clarification of bid specifications must submit questions in writing to Purchasing within the timeline indicated in the solicitation. Questions can be mailed, faxed, or e-mailed, and responses which alter the specifications will be issued through an addendum by Purchasing; departments should not respond directly to vendor questions. The city must insure that any substantive information given to a single potential applicant be given to all potential applicants.

All recommended awards of \$25,000 or more must be approved by the City Manager.

Once a decision has been made, Purchasing will work with Legal to draft a contract, where applicable, and send a purchase order to the vendor. The department will receive notification of the purchase order and a copy of the executed contract. In cases of construction projects, contracts that are included in the bid books will be used. Encumbrance of funds will happen with the electronic requisition process.

2. Purchases of used vehicles and equipment

a. By exception to the Ordinance, used vehicles and equipment do not require a formal bid/RFP. The following rules govern procurement for these types of items.

b. Departments wishing to purchase used equipment will first contact the Purchasing office to determine compliance with the exception. A requisition must be entered and must be approved by the Finance Director, or their designee. Purchasing will use industry resources and contact internal staff with particular expertise to discuss possible sources, and work with that staff and the Department to evaluate equipment, the condition, and relative value of specific equipment. Purchasing will lead any negotiation on price. This relates to non-fleet items.

c. Departments wishing to purchase used fleet items, such as heavy equipment or vehicles, will need to contact the Purchasing office and the Fleet Manager. A requisition must be entered and must be approved by the Finance Director, or their designee. Purchasing will work with the Fleet Manager and the Department to identify sources, evaluate condition of items, and negotiate price.

d. Once a decision has been made, Purchasing will work with Legal to draft a contract, where applicable, and send a purchase order or purchasing agreement to the vendor. The department will receive notification of the purchase order/agreement and executed contract. Encumbrance of funds will happen with the electronic requisition process.

3. \$1,000 to \$24,999

Expenditures of \$1,000 or more and less than \$25,000 can, but do not need, to be formally bid. They do need to be priced, departments are required to obtain a minimum of three (3) written quotes, unless the expenditure is a product of an open-end bid. The purchase should be handled in one of two ways:

- a. Requisitions will be electronically routed, after department approval, to the Finance Director, or their designee, for approval. If the purchase involves HCD funding, the requisition will first be routed to the HCD Administrator for approval. Purchases of computers will be reviewed with the MIS Director for approval. The department can obtain quotations from at least three vendors, which must be in writing from. The quotes should be forwarded to Purchasing with the requisition number. Once approved, the requisition will be routed to buyer processing.

If the Purchasing Manager believes there are other vendors who should be solicited, or that the information is incomplete, follow-up will be done. The final decision will be made in collaboration with the ordering department. Also, Purchasing can provide departments with names of possible vendors to contact, if desired.

Once a decision has been made, Purchasing will work with Legal to draft a contract, where applicable, and send a purchase order or purchasing agreement to the vendor. The department will receive notification of the purchase order/agreement and executed contract. Encumbrance of funds will happen with the electronic requisition process.

- b. The same procedure can be followed as with formal bidding, but without advertising. The department can send only a requisition to Purchasing. The requisition should detail the items or services required, and specifications should be attached if available. The department can also indicate possible vendors. Purchasing will contact vendors and obtain pricing, and then contact the department to determine the best purchase.

Once a decision has been made, Purchasing will work with Legal to draft a contract, where applicable, and send a purchase order or purchasing agreement to the vendor. The department will receive the appropriate copies of these documents.

- c. Less than \$1,000

Expenditures of less than \$1,000 can be made on field Purchase Orders (FPOs) or with the use of a purchasing card. Attached as an exhibit to this policy is a copy of the Purchasing Card User Agreement that all cardholders must sign before accepting the card.

FPO's or purchasing card transactions:

- Cannot be split to exceed the \$1,000 limit;
- Cannot be used for personal purchases.

B. Requests for Proposals

All contracts for professional or consulting services, unless exempted by City Ordinance, must be negotiated through a request for proposals, as long as the City Council has already appropriated sufficient funds for the services. The only exception to the RFP process would be for the contract to be authorized by the City Council.

A request for proposals (RFP) is primarily solicited for professional services, such as engineering, legal or consultant work. An RFP can also be solicited for equipment, such as a fire engine or mowers, or design/installation type jobs, such as an alarm system. All RFP's for an anticipated cost of \$25,000 or greater must be formally competitively bid, unless a case can be made for an emergency or sole source, as in Section I above. To initiate an RFP, the department should initiate an electronic requisition and send written project information and/or specifications to Purchasing. Purchasing will work with the department to develop a proposal package and advertise. Purchasing may also have other experience with a similar RFP type and may be able to assist the department in writing specifications.

1. Elements of an RFP

RFP specifications should include the following information:

- a. Purpose of the RFP.
- b. Performance specifications, such as deadlines.
- c. Minimum qualifications, if any.
- d. Notice of pre-proposal conference, if any.
- e. Weighted selection criteria to be used in evaluating proposals, developed with the Purchasing staff.

Example:

Price	30%
Project Approach	40%
Qualifications of personnel	20%
Experience on similar projects	10%

2. Addenda to an RFP

Vendors requesting clarification of specifications must submit questions in writing to Purchasing within the timeline indicated in the solicitation. Responses which alter the specifications will be issued through an addendum by Purchasing; departments should not respond directly to vendor questions. The city must insure that any substantive information given to a single potential applicant be given to all potential applicants.

An RFP may be advertised by Purchasing in the local newspaper or other media that the Purchasing Manager determines to be the best method of soliciting the request.

An RFP selection committee should be used by the department to choose a vendor. A representative from Purchasing must participate with that committee. The committee should involve Legal to resolve questions during the selection and finally to draft the contract. The City Manager must approve all RFP recommendations. The role of the Purchasing representative is to ensure the integrity of the process. This person will not score the proposals.

Contracts for professional services awarded through the RFP process can have a term of no longer than three years, unless waived by the Finance Director.

### C. Changes to Contracts and Purchase Orders

After a purchase is awarded, there may be desired changes to the original cost and/or terms. A change to a purchase order must be communicated to Purchasing, who will contact the vendor and issue an amendment to the original order. These occurrences should be rare, as products should be bid as desired.

A change to a contract can be in one of two forms:

1. A change to a contract can be made with an amendment, drafted by Legal. Purchasing should be informed of any amendments to be made. The Budget Office and the City Manager must endorse all contract amendments. Also, those that involve HCD funding need approval of the HCD Administrator.
2. A change to a construction contract can be made with a change order. All change orders also must be endorsed by the Budget Office and the City Manager. Also, those that involve HCD funding need approval of the HCD Administrator.

Approvals should be obtained BEFORE work is actually done. In instances of public or employee safety, written approvals can be obtained after the fact. For any other instances where prior approvals may not be possible, communications must be made with the Budget Office, and appropriate approvals must be obtained immediately after the fact.

In both cases of change, Purchasing will encumber the funds by either changing the current purchase order or creating a new one.

D. Non-Performance by Vendor or Contractor

Departments experiencing problems with any vendor or contractor should notify Purchasing in writing of those problems. Purchasing will keep track of such issues to aid in researching qualifications on future bids/RFPs. Purchasing will also help to resolve problems between vendors/contractors and departments. The time to notify Purchasing about the unsatisfactory performance of a vendor/contractor is during the contract period; waiting until the same party is a successful bidder on a subsequent project does not guarantee the city's ability to reject that company. The rejection of a bid or RFP under these circumstances requires a documented history of poor service or performance.

E. Lease or Rental of Equipment and Software, and Maintenance Agreements

Any agreement for the lease or rental of equipment, including software, must be reviewed by Finance and Legal, and signed by the City Manager. Such agreements should be forwarded to the Finance Department for review in conjunction with the Legal Department. They should not be signed by employees unless authorized by the Legal Department.

Maintenance agreements must be reviewed by the Finance Department and, in some instances, by the Legal Department.

# Purchasing Card User Agreement

I agree to the following terms regarding use of the City of Portland Purchasing Card:

1. I understand that I am making financial commitments on behalf of the City of Portland, and will strive to obtain the best value for the city;
2. I fully understand the \$1,000 per transaction limit and that splitting transactions is unacceptable. I understand that I will be warned the first and second time and lose my the purchasing card permanently should it happen again.
3. Under no circumstances will I use the Purchasing Card to make personal purchases, either for myself or for others. There will be two warnings; the third time I will lose Purchase Card for 60 days. Should it happen again, I will lose the purchasing card permanently.
4. I understand that this Purchasing Card has restricted purchases on travel expenses such as hotels, food, auto rentals or airline tickets.
5. I understand that there are other restricted/blocked purchases such as gasoline, fuel, vehicle repairs, restaurants & bars, cash advances, alcoholic beverages, telecommunications equipment, personal items and services, utilities, etc;
6. I have been provided a copy of the Purchasing Card Cardholder Guide, and understand the Purchasing Card Program. I agree to surrender my card upon termination or change of employment or transfer to another department;
7. I agree to follow the established procedures for use of the Purchasing Card and understand that failure to do so will result in either loss of privileges or other disciplinary actions, which may include employment termination. I agree that should I willfully violate the terms of this agreement, I will be subject to disciplinary action including potential employment termination and/or criminal charges;

I certify that I have received a JPMorgan Chase Purchasing card and that I understand the terms and conditions explained to me. In addition, I have been given an opportunity to ask questions to clarify my understanding of the program;

\_\_\_\_\_  
Cardholder Name (printed)

\_\_\_\_\_  
Dept/Division – Default Code

\_\_\_\_\_  
Cardholder Signature

\_\_\_\_\_  
Date

Note: This form shall be maintained by the Purchasing Card Administrator