



City of Redmond
W A S H I N G T O N

AM NO. 18-141 - ATTACHMENT D: PURCHASING POLICIES AND PROCEDURES 2018

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"I want a City government that is responsible and responsive to its residents and businesses."

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Introduction

This Purchasing Policy and Procedures Manual is provided to guide and assist City staff with basic procurement and contracting requirements as noted in the Redmond Municipal Code and Washington State statutes. The procedures set forth in this Manual are designed to assure the citizens, City Council and City Administrators that the City of Redmond is receiving maximum value for expended funds and exhibit fiscal responsibility for the procurement process.

Redmond is a code city operating under the Optional Municipal Code, Revised Code of Washington (RCW) 35A. There are no statutory bidding requirements for Redmond, as a code city, when purchasing supplies, materials, equipment or services not related to a public work or improvement. The Purchasing Division of the Finance Department sets bidding and purchasing policies and procedures for the City of Redmond.

All references to the Revised Code of Washington (RCW) and/or City Ordinances and Resolutions shall be incorporated as part of this policy, including any future amendments. In cases where these policies may conflict with any City Ordinance or Resolution, any State or Federal law or regulations, the terms of the law or regulation prevails. In all other cases, these policies apply.

Common Terms

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.

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

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

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

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.

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

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

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

What This Manual Covers

The process of selecting vendors and managing contracts should be subject to the highest ethical standards and embody the value of stewardship of public resources by ensuring the procurement process provides the greatest attainable levels of both quality and value.

The purchasing process is designed to guide City staff towards meeting the following goals:

- Create open and fair competition
- Include terms and conditions required to protect the City
- Meet ethical standards

The Process

Before any purchase is made, the following items will need to be considered:

Define the Need – are you buying goods or services, or is it a public work?

Determine the Cost – what is the estimated cost?

Process – What is the best way to procure the item?

Protect the City – How do we properly protect the City from liability?

Authority – Who must approve the purchase?

Contract Administration – What is my responsibility?

Sources

Revised Code of
Washington (RCW)

Finance Department
Intranet – will only work if
policy posted internally

[Link to new Resolution](#)

I. DEFINE THE NEED

The first step requires determining the type of goods or services to be purchased. The City categorizes purchases in the following manner:

Operating Supplies and Equipment

Operating supplies and equipment are tangible items that are manufactured and moveable at the time of purchase.

Examples: Office supplies, furniture, auto parts, food, janitorial supplies, electrical supplies, topsoil, flowers, signs, small tools, vehicles, clothing, ammunition, bunker gear, AV equipment, irrigation parts, etc.

Operating, Repair and Maintenance, and General Services

Operating, repair and maintenance, and general services are those provided by vendors for routine, necessary, and continuing functions of the City, mostly relating to physical activities. These services are usually repetitive, routine, or mechanical in nature, support the day-to-day operations, and involve the completion of specific tasks or projects.

Examples: Automotive repair, window washing, janitorial or laundry services, temporary help, testing, software maintenance, recycling, holiday lighting, etc.

Professional Services

Professional services involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature and do not include architecture and engineering services, which have their own requirements.

Examples: Consultants, attorneys, public defender services, user fee studies, market research, actuarial services, aerial mapping, arborists, graphic designers, technology design, social or community services, software installation, etc.

Architectural and Engineering Services

Architectural and engineering services (AES) are guided by RCW 39.80 and City policy.

Examples: Engineer services, land surveyors, architects and landscape architects.

Tips & FAQs

Do I have to include sales tax in the estimated cost of the purchase?

Yes – the full cost of the goods and services or project, including sales tax, must be considered.

Do purchases related to federal or grant funding have different rules?

Yes – documents must be reviewed carefully to understand the requirements. In many cases the dollar threshold requirement to obtain bids may be lower than the City's policy.

Public Works

Public works includes all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the City.

Examples: demolition, remodeling, renovation, road, building and utility construction.

II. DETERMINE THE COST

Once the need has been defined, the estimated annual cost of the goods or services will generally determine what competitive selection process and required approval is needed before proceeding. Where an annual cost is not applicable, such as new technology implementation projects, public works and/or architecture and engineering services, the estimated full project cost will determine the competitive selection process and required approvals. All estimates must include applicable sales tax.

Federal and Grant Funding

Purchases or projects that will be funded using federal or grant funding may have specific procedures that are required to be followed regarding obtaining bids, tracking of expenditures, and obtaining approvals. In some circumstances, bidding requirements may be more restrictive than the City's policies and require bids at lesser amounts.

The project or grant manager is responsible for understanding the applicable requirements prior to expending any of the awarded funds. Documentation must be provided to the Purchasing Division when requesting a purchase requisition or purchase order to validate the proper bidding procedures were followed.

III. PROCESS

The Competitive Process

Competitive pricing is encouraged to ensure that the City uses its resources wisely. To determine when competition is required, it is important to first define the needed goods or services and dollar amount. The chart noted on the preceding pages can then be used to help you determine the specific required process. Depending on the category of spending, purchases above \$10,000 will generally require some type of comparative pricing.

Tips & FAQs

Exceptions to the Competitive Process

Goods and Services
RCW 39.26.125

Public Works
RCW 39.04.280

Sole Source
RCW 39.26.140
RCW 39.04.280

Emergency
RCW 39.26.130

Cooperative purchasing.
RCW 39.34

Common Terms

Evaluation Criteria is weighted point-based criteria used to establish minimum requirements that a proposal must meet to be considered responsive.

Scope of Work is a statement outlining the specific services or work product that a contractor or supplier is expected to provide including details on expected delivery date, product needs and level of service.

Solicitation is a request for bids/proposals via an RFP or IFB.

Exceptions to the Competitive Process

Certain exceptions to bidding processes are governed by State statutes and noted in RCW 39.04.280. Approval of the exception must be stated in writing and approved by the department Director or designee. For certain items, anticipated costs above \$50,000 will require approval by the Mayor. See the charts noted in the following sections for more details by the category of the expenditure.

It is important to note that only the requirement for competitive bidding or advertising is waived. All contracting, approvals or insurance requirements will still need to be processed considering policy rules.

The following exceptions to a competitive process are allowed by State law:

- Purchases that are clearly and legitimately limited to a single source of supply. See section titled Sole Source for more details.
- Purchases involving special facilities or market conditions
- Insurance and bonds
- Public Works in an emergency event

In addition to the State exceptions, the City's policy allows for waiving obtaining multiple quotes for goods and services when the following circumstances exist:

- Unique circumstance that makes competitive bidding impractical. (Requires Director or Mayor's written approval.)
- Use of a State contract or Interlocal Purchasing Agreement where the bidding process, at a minimum, matches the City's process.

Soliciting Proposals, Bids, or Qualifications

There are different methods used to solicit competition. The specific type used will depend on the needed goods, services, or information. Where competition is required by either statute or the City's policies, the following are available:

Request for Proposal (RFP)

An RFP is a formal invitation to suppliers to submit proposals for a needed good or service. RFPs are evaluated on a number of factors that may include cost, supplier's experience, qualification, and proposed solution.

Request for Information (RFI)

The purpose of an RFI is to collect written information about the capabilities of various suppliers.

Tips & FAQs

Do I have to write my own RFP?

No – the Purchasing Division can help you prepare the request and guide you through the various steps. Please contact us early in the planning stage so that we can help you with the process.

When I review Statements of Qualifications do I consider the estimated cost as part of the evaluation criteria?

No – qualification based reviews do not use cost as part of the evaluation. Once the most qualified firm has been chosen, the City can negotiate a contract at a price that is determined to be fair and reasonable for the required services.

Invitation for Bid (IFB)

An IFB or Invitation to Bid (ITB) is an invitation to contractors or equipment suppliers to submit a proposal on a specific project, product, or service to be furnished. The process is focused on pricing, and not on ideas or concepts.

When soliciting either an RFP or IFB, the following items will need to be provided for the process:

- Project background and scope of services
- Definitions
- Minimum qualifications
- Technical requirements (if any)
- Schedule of the competitive process
- Requirements to meet for the requested goods or services
- Evaluation process and criteria
- Insurance requirements
- Funding sources such as grants or federal funding (if applicable)
- Desired term and any renewal provisions (See Contract Duration section)
- Sample City contract

Request for Qualification (RFQ)

An RFQ is a solicitation method that considers and evaluates a service provider on the basis of demonstrated competency and qualification rather than price. The process is typically used for architectural and engineering services where price is not a consideration. An RFQ will generally result in negotiations.

An RFQ requires the following items to be provided for the process:

- Project background and scope of services
- Project budget and source of funding
- Schedule
- Minimum qualifications
- Submittal requirements
- Evaluation criteria and selection process

The Purchasing Division can assist you with posting your documents on the City's web page, advertising, and uploading to the online roster.

The following steps are also items to consider and complete prior to purchasing or awarding a contract:

- Form your selection team
- Create an evaluation sheet for the team to score proposals
- Conduct interviews if desired (or required)

Tips & FAQs

RCW 39.04.105 notes that when a municipality receives a written protest from a bidder for a public works project which is the subject of competitive bids, the municipality shall not execute a contract for the project with anyone other than the protesting bidder without first providing at least two full business days' written notice of the municipality's intent to execute a contract for the project; provided that the protesting bidder submits notice in writing of its protest no later than two full business days following bid opening. Intermittent Saturdays, Sundays, and legal holidays are not counted.

RCW 39.34.040 requires approved Interlocal agreements to be filed with the county auditor to be considered effective. Alternatively, the City may choose to list the agreements by subject on the City's website. The City has chosen the alternative method.

- Identify successful proposer
- Receive approval from department Director to begin contract negotiation
- Negotiate with proposer using the City's contract that was included in the proposal documents; include any necessary Exhibits
- Verify required City approvals – i.e. Council or other as noted in the Authorization Section of this document
- If no Council approval required:
 - Obtain proposer signature on two copies of the contract
 - Provide both copies of the signed contract, and all attachments, to the City Clerk's office for signature routing
- If Council approval required:
 - Check with department Director
 - Schedule Council meeting date and prepare memo
 - After Council approval obtain proposers' signatures on at least two copies
 - After proposer signs copies, provide to the City Clerk's office for internal signature routing

Protest Procedures

City of Redmond policy does not provide protest procedures for the various goods and services it procures. The City reserves the right to reject any or all proposals, and to waive any irregularities or information in a competitive bid evaluation process. The final decision is the sole decision of the City of Redmond and all bid respondents have no appeal rights or procedures guaranteed to them.

Contracts for public works, other than those using Washington State Department of Transportation's (WSDOT) Standard Specifications, will follow RCW 39.04.105.

Contracts based on WSDOT's Standard Specifications for Road, Bridge and Municipal Construction (typically Construction Division Capital projects) will follow protest procedures outlined in the contract documents.

Cooperative Purchasing

The City may take advantage of the State of Washington bid process, use public purchasing cooperatives or intergovernmental agreements with other political subdivisions' competitive bidding processes to meet its bidding requirements.

Both the Washington State Department of General Administration and the Department of Enterprise Services (DES) offer existing contracts for goods and

Tips & FAQs

Pumps for the City's main storm water vault are on the schedule for replacement. I used vendor X to buy them 10 years ago and was told at that time they're the only distributor. I think it's a sole source purchase.

Possibly – but depending on the cost, multiple quotes may be required. And, due to the number of years since the last purchase, you need to verify if there are other distributors that can be used.

Three trees fell and are blocking the only parking lot entrance for City Hall. Do I need to get bids to remove the trees and have it hauled away?

No – this would be considered an urgent need.

services the City may use. The City also has many approved interlocal purchasing agreements currently in effect.

Please contact the Purchasing Division to assist you with determining if there is a local contract or agreement that can be utilized for the goods and services needed. Prior to using the other agency's contract, the Purchasing Division will need to verify that the bidding process used is in compliance with City policy.

Sole Source Purchasing

Competitive bidding may be waived if a purchase is clearly and legitimately limited to a single supplier. Examples include:

- Licensed, copyrighted, or patented products or services that only one vendor provides
- New equipment or products that must be compatible with existing equipment or products
- Proprietary or custom-built software or information systems that only one vendor provides
- Products or services where only one vendor meets the required certifications or statutory requirements

The Purchasing Division requires a written explanation to document why a product or service is presented as only provided by one source and whether efforts were made to find other vendors.

Urgent Need or Emergency

Urgent Need

An "urgent need" is defined as a need that requires immediate action or attention to reduce the risk of material or monetary loss, damage to City property, or may pose a threat to public health, welfare or safety. Any purchases of goods or services are to be made with a level of competition that is practical under the circumstances.

Urgent Need Process:

1. Determine the action needed
2. Evaluate budget capacity
3. Receive Director or designee approval
4. Contact Finance Director if need exceeds budgeted funds

Tips & FAQs

If you suspect a situation warrants an emergency declaration, please work with your Director to start the process.

Emergencies involving FEMA reimbursements may have different or additional requirements. Please contact the Accounting Division for assistance tracking FEMA emergencies.

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 public health, welfare, or safety or proper performance of essential functions where the city may suffer a substantial monetary loss; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Declared emergencies may be used for goods, services and public works when the value is over the City’s current bid limit(s) for each type of procurement.

Competitive bidding for a declared emergency may be waived subject to the following process:

1. Mayor declares an emergency.
2. Upon authority from the Mayor, work may be authorized and or equipment procured to address the emergency situation.
3. The department tasked with managing the emergency situation will work with the Purchasing Division to make a determination of the basis for the emergency, select the vendor and issue a contract.
4. If a contract is awarded without competitive bidding due to an emergency, the department will schedule the contract award on the next City Council agenda.
5. The City Attorney will prepare materials necessary to ratify the emergency declaration finding no later than two weeks following the award of the contract.
6. A record of the emergency procurement shall be made at the next subsequent City Council meeting.

Tips & FAQs

Procard Policy link – will only work on intranet

Petty Cash Policy link – will only work on intranet

I will be purchasing a large piece of equipment that sells for approximately \$12,000. I hope to be able to trade in the old equipment for approximately \$2,200. Do I have to get bids?

Yes. The bid limit is on the gross price, not the price after a trade-in.

Procuring Goods and Services

Small Purchases of Goods and Services

Small purchases are typically goods and services (excluding Public Works and AES Services) under \$10,000. Comparative quotes are encouraged for small purchases, but not required. Small purchases may be made using one of the following processes:

Process	Dollar Limit	Allowed Uses	Disallowed Uses
Credit Card See Procard Policy for more details.	Up to \$1,500 per transaction and \$5,000 per month.	Business related purchases such as seminar registration, subscriptions, office supplies, hotel reservations, maintenance supplies, etc.	Alcohol, capital equipment, cash advances, consulting or professional services, personal items, bid splitting, public works.
Purchase Requisition	Up to \$10,000. Over \$10,000 may require bidding process.	Business related goods and services.	Personal items.
Petty Cash	Up to \$50	Small incidentals such as parking, ferry tolls, supplies or postage.	Same as credit card above.
Personal Reimbursement	No limit	Small incidentals or approved travel related expenses.	Same as credit card above.

Note:

- A purchase requisition is not required for purchases that are considered a direct pay item. Invoices for direct pay items may be sent to Accounts Payable noting the applicable account numbers and approvals. Examples of direct pays are:
 - Membership or registration fees
 - Publications
 - Items that qualify for procard use
- Software or technology related purchases require IT Department approval prior to purchasing.
- Purchases related to federal or grant funding may have lower bid requirement thresholds than the City's policies. The project or grant manager is responsible for understanding the applicable requirements prior to expending any of the awarded funds.

Common Terms

Purchase Agreement (PA) may be used in place of a PO when there is a need to apply multiple progress payments for project expenses or for open/blanket accounts where several different City account numbers may be charged for the goods purchased. A PA does not encumber funds against a budget. For that reason, the City is working to use POs when possible instead of PAs.

Purchase Order (PO) is a legal contracting document used to place orders with suppliers or contractors and includes the City's terms and conditions related to the purchase.

Purchase Requisition is an internal document used by the City to communicate details of a request for purchase that includes supplier information, budgeted account number(s), and approvals. Purchase requisitions should be entered in to DAX prior to placing an order for goods or services to ensure the proper approval has been received prior to spending funds.

Link to creating a purchase requisition instructions – will work only on intranet

Open Accounts/Orders for Goods and Services

The Purchasing Division has the authority to establish open account purchase orders or agreements for the purchase of routine supply-type commodities and services. Open orders are for periods not to exceed 12 months.

Types of Open Accounts

Open accounts may be for citywide or department-specific use. The need for competitive bidding, authorization and approval follows City policy as noted in the tables reflected in the next section of this document.

Open Account – no competitive pricing

Items that are not typically stocked and needed just-in-time.

Allowed up to \$10,000 annually without obtaining competitive quotes.

Departments must estimate annual needs prior to requesting an open account.

Open Account – competitive bid pricing

An account where the City has issued a solicitation or is piggybacking off another agency's solicitation.

Open Account – blanket order

Blanket orders or indefinite delivery/indefinite quantity purchases for specific products at a specific price that will be ordered over the course of the year.

Allowed up to \$10,000 annually without quotes.

Departments must estimate annual needs prior to requesting an open account.

Large Purchases for Operating Supplies and Equipment; Operating Services, Repair and Maintenance; and General and Professional Services

City Policy dictates that any purchase of material, supplies, equipment or general services at an amount above \$10,000 requires use of a competitive process. If a unique circumstance exists that makes competitive bidding impractical, the department Director may waive the use of the competitive process. As noted below, certain dollar amounts require the Mayor's approval to waive the competitive process. Waivers must be provided to the Purchasing Division in writing, with the applicable approval, prior to issuing a contract or purchase order/agreement.

The requirement for a competitive process is as follows:

TYPE OF PURCHASE	COMPETITIVE PROCESS
Operating Supplies & Equipment	
Up to \$10,000	Informal quotes encouraged, but not required.
\$10,001 - \$50,000	Solicit 3 written bids. Director may waive use of competitive process.
\$50,001 - \$200,000	Solicit 3 written bids or issue IFB or RFP. Director may waive use of competitive process.
Over \$200,000	Issue IFB or RFP. Mayor or designee may waive use of competitive process.

Operating Services, Repair & Maintenance and General Services	
Up to \$10,000	Informal quotes encouraged, but not required.
\$10,001 - \$50,000	Solicit 3 written bids. Director may waive use of competitive process.
Over \$50,000	Issue IFB or RFP. Mayor or designee may waive use of competitive process.

Professional Services	
Up to \$10,000	Informal quotes encouraged, but not required.
\$10,001 - \$50,000	Solicit 3 written bids. Director may waive use of competitive process.
Over \$50,000	Issue IFB or RFP. Mayor or designee may waive use of competitive process.

TYPE OF PURCHASE	COMPETITIVE PROCESS
Professional Services – Technology Services	
Up to \$10,000	Informal quotes encouraged, but not required.
\$10,001 - \$50,000	Solicit 3 written bids. Director may waive use of competitive process, however if vendor chosen by competitive negotiation, must issue RFP.
Over \$50,000	Issue IFB or RFP. Mayor or designee may waive use of competitive process; however, if vendor chosen by competitive negotiation versus lowest bid must issue RFP.

Professional Services – Technology Services

Per RCW 39.04.270, when using a competitive negotiation process for the purchase of technology services such as telecommunication systems, data processing equipment or software; at a minimum, the following steps are required:

- A request for proposals (RFP) must be published in a 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 municipality must provide a reasonable procedure 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. A city may reject all proposals for good cause and request new proposals.

TYPE OF PURCHASE	COMPETITIVE PROCESS
Instructional/Artistic Services	
Up to \$10,000	Informal quotes encouraged, but not required.
\$10,001 - \$75,000	Solicit 3 written bids. Director may waive use of competitive process.
Over \$75,000	Issue IFB or RFP. Mayor or designee may waive use of competitive process.
<i>Note: Contracts over \$25,000 required to have cost recovery</i>	

TYPE OF PURCHASE	COMPETITIVE PROCESS
Contract Renewals or Extensions	
Up to \$10,000	None if original agreement contained a renewal or extension provision.
\$10,001 - \$50,000	None if original agreement contained a renewal or extension provision. Otherwise, see applicable purchase type for bidding requirements.
Over \$50,000	None if original agreement contained a renewal or extension provision. Otherwise, see applicable purchase type for bidding requirements.

Sole Source	
Up to \$10,000	Provide a statement to support the sole source purchase.
\$10,001 - \$50,000	Provide a statement to support the sole source purchase.
Over \$50,000	Provide a statement to support the sole source purchase.

Sole Source

Before a purchase can be considered sole source, the following steps must be documented:

- Department must have documentation of a screening process to justify the purchase of a specific product.
- There are legitimate specifications that only one vendor can successfully bid or provide the product.
- The product is only available through one manufacturer (or distributor, certified by the manufacturer) and
- The vendor certifies that the City is getting the lowest price it offers anyone.

If all of the above steps can be met, then the purchase is most likely a sole source purchase.

Architectural and Engineering Services (AES)

The City follows State statutes for contracting for architectural and engineering services. A roster for soliciting qualified firms is maintained electronically. Consultants can register themselves and note their qualifications through the system. The City may also choose to advertise for the needed services.

AES firms are selected based on a combination of qualifications rather than cost; including the following:

- Evidence of the firm's ability to provide the required services
- The proposed scope of work provided
- The estimated number of man-hours necessary to complete the proposed scope
- A current statement of references and any other information which will be helpful in evaluating the applicant's qualifications for the proposed project

City staff should estimate the anticipated cost of the project and follow the applicable below competitive process.

TYPE OF PURCHASE	COMPETITIVE PROCESS
Architectural and Engineering Services (AES)	
Up to \$10,000	Advertise or review one or more statements of qualifications.
\$10,001 - \$50,000	Advertise or review at least 3 statements of qualifications from the current roster.
Over \$50,000	Advertise or review at least 3 statements of qualifications from the current roster.

The review of SOQs from women and minority owned businesses (WMBE) is encouraged when possible and should be consistent with the general availability within the current roster. See RCW 39.80.040 for specific language.

Projects receiving federal or state funds may need to meet more stringent requirements. In those cases, the federal or state requirements will rule.

Tips & FAQs

Links to various RCW's

35.22.260

39.04

35.23.352

Prevailing Wage
Information

<http://www.lni.wa.gov/>

Common Terms

Affidavit of Wages Paid is a document issued by L&I verifying that the appropriate prevailing wages have been paid on a particular City contract as evidenced by the certified payroll documentation provided by the contractor.

Intent to Pay Prevailing Wages is a document issued by L&I verifying that a contractor intends to pay (promises) the appropriate prevailing wages on a particular City contract.

Public Works

The term "public work" shall include all work, construction, alteration, repair or improvement; other than ordinary maintenance, on City assets. Public work generally includes such things as construction of new or replacement of sewer and water systems, drainage systems, public buildings and fixtures, and construction and repair of streets, sidewalks and roads; all when for public use. For example, replacing a bridge or repaving a street are considered construction or repair and are a public work. Cleaning a roof or rodding a sewer system involves maintenance and are not considered a public work.

City employees may perform public works not exceeding 10% of the City's total construction budget, including any supplemental budgeted amounts. (RCW 35.22.620). "City employee" refers to anyone (employee or agent) whom the City hires or contracts with to do a specific job.

The Purchasing Division can assist you with the public works process by obtaining quotes or issuing competitive bid documents. For capital projects in the amount of \$50,000 or more, with a useful life of 5 years or more, the Public Works Construction Division manages the project bidding and contracting and prefers to use the Washington State Department of Transportation contract language.

Prevailing Wage

Prevailing Wage is 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 & Industries (L&I) 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.

Public works contracts require that each contractor on the project file a Statement of Intent to Pay Prevailing Wages (Intent) and an Affidavit of Wages Paid (Affidavit). These forms are required for every public works contract regardless of the size of the contract.

- If the work is \$2,500 or less, including tax, contractors must fill out – **and sign** – a Small Works "Combined" Intent & Affidavit form.
 - No fee for contractors to fill out this form.
 - Completed forms are required to be sent to Accounts Payable by the contractor along with their invoice for the work.
 - Owners/operators with no employees are still required to fill out this form.
 - Accounts Payable provides the Purchasing Division with a copy to send to L&I.

- If the work is over \$2,500, including tax, contractors must file an online Intent and Affidavit with L&I.
 - Intents and Affidavits cost \$40/ea. to file.
 - The Intent should be filed immediately after the contract is awarded and before work begins, if possible.
 - The Affidavit must be filed by the contractor after the work is completed. The City may not release applicable retainage until all contractors have submitted an Affidavit form approved by the industrial statistician.

Determining the Cost

When contracting for a public work project, the first step is to determine the estimated cost for labor, materials, supplies, equipment and applicable sales tax. The estimated cost must include all construction related work and all phases of the project. The estimate does not need to include AES fees. Bid splitting to meet the spending levels and avoid the competitive process is not allowed.

The estimated cost dictates the required process as noted in the table below which follows State statutes and RCW 39.04. The City's policy allows for any new levels or laws passed and noted in the RCW to be followed.

TYPE OF PURCHASE	COMPETITIVE PROCESS
Public Works	
< \$40,000 single craft	Obtaining several quotes is encouraged, but not required.
< \$65,000 multiple craft	Obtaining several quotes is encouraged, but not required.
< = to \$300,000	Formal competitive bidding or small works roster in accordance with RCW 39.04.155.
Over \$300,000	Formal competitive bid process.
<i>Note: Sales tax on Public Works must be included in estimates.</i>	

Bid Process and Evaluation

Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable the City to obtain the best work or supplies at the most reasonable cost.

For projects where bidding is not required, project managers should complete the following steps:

- Prepare a brief scope of work and cost estimate
- Work with the Purchasing Division to determine the following requirements/needs:
 - Need for bonds
 - Prevailing wage requirements

Tips and FAQs

Performance Bond
Requirements
RCW 39.08

Retainage Requirements
RCW 60.28

For a condensed version of requirements for bonds or retainage please review the information provided on the MRSC's website

<http://mrsc.org/Home/Explore-Topics/Public-Works/Purchasing-and-Bidding/Purchasing-and-Bidding-for-Washington-State-Local/Purchasing-and-Bidding-Public-Works-Contracts/Purchasing-and-Bidding-Retainage-and-Bonding-Issue.aspx>

- Retainage if applicable
 - Required permits
- Choose a qualified contractor. (The Purchasing Division can assist with finding a contractor or guide you through the small works roster process.)
- Create a purchase requisition in the financial system, Dynamics (DAX). The account number used for the project will dictate the workflow for approval.
- Authorization to proceed is given when the approved purchase order is provided to the contractor.
 - For Public Works projects using the WSDOT contract, authorization is given through a notice to proceed letter provided to the contractor.
- Prior to work starting, verify with the Purchasing Division that the required insurance certificate has been received by the City.

Projects that meet the need for a competitive process are required to complete the following steps:

- Prepare a scope of work and cost estimate.
- Determine the competitive process required and method to obtain bids either by advertising or using the small works roster. (See additional information on small works roster noted in the following section.)
- Review bids considering bid evaluation criteria noted in the following section.
- Work with the Purchasing Division to determine the following requirements/needs:
 - Need for bonds
 - Prevailing wage requirements
 - Retainage if applicable
 - Required permits
- Create a purchase requisition in the financial system, Dynamics (DAX). The account number used for the project will dictate the workflow for approval.
- Authorization to proceed is given when the approved purchase order is created.
 - For Public Works projects using the WSDOT contract, authorization is given through a notice to proceed letter provided to the contractor.
- Prior to work starting, verify with the Purchasing Division that the required insurance certificate has been received by the City.

Sources

Small Works Roster
RCW 39.04.155

Online Shared Procurement
Portal
<https://sharedprocurementportal.com>

Small Works Roster

The City adopted use of a small works roster process, made available under RCW 39.04.155, for public work projects that do not exceed \$300,000 or current statutory bid limits. Currently the roster is contracted with Public Purchase through the online Shared Procurement Portal (SPP). Contractors can self-register through the portal, to receive notification of City bid offerings.

When using the SPP for a project estimated to be \$300,000 or less the following procedures are required:

- Prepare IFB/ITB that includes an estimate of the scope and nature of the work to be performed and a list of the materials and equipment to be furnished. Detailed plans and specifications are not required to be included in the invitation.
- Access portal to identify bidders to receive notification of City bid offerings.
 - Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five (5) contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.
 - If the estimated cost of the work is from one hundred and fifty thousand dollars (\$150,000) to three hundred thousand dollars (\$300,000), or the current statutory limits set forth in RCW 39.04.155, the City may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought.
 - Whenever possible, the City must invite at least one proposal from a women or minority owned business (WMBE) who must otherwise qualify under this section.
- Upload city bidding documents to the site and/or post a link to the City's website within the portal announcement and email bidders through the portal.
- Review bids considering bid evaluation criteria noted in the following section.
- Work with the Purchasing Division to determine the following requirements/needs:
 - Need for bonds

Sources

Limited Public Work
Process
RCW 39.04.155(3)

Unit Priced (On-Call) Public
Works Contracts
RCW 35.23.352 via
RCW 35A.40.210

- Prevailing wage requirements
 - Retainage if applicable
 - Required licenses and permits
- Award to the lowest responsible bid – see criteria on page 25.
- Immediately after an award is made, all bid quotations submitted must be recorded and made available to the public for inspection, or the bid figures must be supplied in response to telephone inquiries.
- Create a purchase requisition in the financial system, Dynamics (DAX). The account number used for the project will dictate the workflow for approval.
- Authorization to proceed is given when the approved purchase order is provided to the contractor.
 - For Public Works projects using the WSDOT contract, authorization is given through a notice to proceed letter provided to the contractor.
- Prior to work starting, verify with the Purchasing Division that the required insurance certificate has been received by the City.
- After bid close, complete “bid tab” and post to city’s website.
- At least once every year, the City will make a list of the contracts awarded available.

Limited Public Work Process

The “limited public works process” is a type of small works roster process, as noted in RCW 39.04.155(3), that applies only to contracts estimated to cost less than \$35,000. The following are applicable when considering using the limited public work process:

- Solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster.
- Award the contract to the lowest responsible bidder unless there is a compelling reason to reject all bids and cancel the solicitation.
- Quotations are to be made available to public inspection once the contract is awarded, and are to be available by electronic request.
- The City may waive the payment and performance bond requirements of RCW 39.08 and the retainage requirements of RCW 60.28 however the City retains the right of recovery against the contractor for any payments it makes on the contractor’s behalf.

Unit-Priced (“On-Call”) Public Works Contracts

Unit-priced, on-call contracts are agreements where the City agrees to pay a defined unit-price for certain types of anticipated, but unplanned, work or trades over a certain time period. This type of contract allows for multiple or recurring

Tips & FAQs

The City's paper of record is the Seattle Times.

Our RFP for new gas-powered lawn mowers received a bid back for a diesel engine mower. After review, we prefer the diesel. Can we accept the bid?

No. The bid for the diesel mower is not responsive to the bid specifications. If the City wants to pursue the diesel engine mower, all bids need to be rejected and re-advertised.

small public works projects without having to bid each project separately for items such as repair, renovation, or maintenance of public facilities. Unit-priced, on-call contracts are not associated with a specific project, do not guarantee any amount of work and do not establish a total dollar value, however, may cap the dollar value at a certain level over the life of the contract.

The contractor must be chosen by a competitive bid and agree to a fixed period, indefinite quantity of work at a defined unit price for each category of work. When a specific project is identified, individual work orders are authorized based on either a not-to-exceed time and materials basis or a negotiated lump sum amount using the previously established unit prices.

The initial term of a unit-priced contract may not exceed three years. The option to extend one additional year after that is allowed.

Publication

Projects are required to be posted or advertised a minimum of 13 calendar days prior to the opening of bids. When using a weekly publication, the 13-day advertising period begins when the first of two advertisements is published.

Federal Aid Projects are required to be posted or advertised in the paper of record for a three-week period prior to the opening bids. When using a weekly publication, the three-week advertising period begins when the first of three advertisements is published.

The notice should state the title of the project, the work to be done, the date and time set for the opening of bids, the location where plans and specifications are available for public inspections, the cost to obtain a set of plans and specifications, and the requirements for the bid bond. If no bids are received at the first call the City may re-advertise and call for bids again, or may proceed to negotiate a contract with any qualified supplier, or do the work with City personnel. (Note: certain limits may apply if the work is performed by City personnel.)

Bid Errors and No Bids

A bid must substantially comply with the procedures or specifications if it is to be considered. Bids that do not comply must be rejected. However, an "insubstantial variance" from certain specifications or procedures will not prevent the City from considering a bid. As a general rule, an immaterial or insubstantial variance is one that does not give a bidder a substantial advantage over the other bidders.

Tips & FAQs

Labor Laws
RCW 49.48.082

Bid amount errors are of two types: (1) those that favor a city, where the bidder makes a mistake that causes the bid to be lower than it should be, or (2) those that favor a bidder, where the mistake causes the bid to be higher than it should be. These errors, which are relevant only when they affect the lowest responsible bid, are governed by some general rules as follows:

- A bidder is bound by the bid amount. The courts will not reform (that is, correct) a contract because of an error, even an obvious one, in the bid amount.
- A city is not necessarily bound by the bid amount.
- The bidder who submitted the erroneous low bid may withdraw the bid, at the risk of forfeiting the bid bond.

Bidder Responsibility

It is the intent of the City to award a contract to the lowest responsible bidder. Before award, the bidder must meet the following bidder responsibility criteria to be considered a responsible bidder. The bidder may be required to submit documentation to the City to validate compliance with the criteria. Before the City can accept a bid, the bidder must:

- Be a registered contractor at the time of bid submittal;
- Have a current Unified Business Identifier (UBI) number;
- Have industrial insurance/worker's comp coverage;
- Have an Employment Security Department number;
- Have a state excise tax registration number;
- Not be disqualified from bidding under RCW 39.06.010 or 39.12.065(3);
- Not have any apprenticeship violations, if applicable; and
- Certify through a sworn statement that they are not a willful violator of labor laws in reference to RCW 49.48.082.

If the City determines a bidder to be not responsible it must provide, in writing, the reasons for the determination. A bidder can appeal the determination within the time period specified in the bidding documents by presenting additional information to the City. The City must consider the additional information before issuing its final determination. If the final determination affirms that the bidder is not responsible, the City may not execute a contract with any other bidder until two business days after the bidder determined to be not responsible has received the final determination.

Tips & FAQs

Subcontractor Responsibility

Public works contractors and subcontractors are required to ensure that any subcontractors hired directly meet the responsibility criteria for the project at the time of subcontractor execution.

Bid Evaluation

Bids are to be evaluated considering the following list or as specified in the bidding documents:

- The dollar amount of the bid
- The extent to which the bid and bidder meet stated requirements and specifications
- Ability to perform the contract within the time specified
- The bidder's experience and reputation for satisfactory work, judgment, and integrity
- Results of prior dealings with the bidder by public or private contracting agencies
- The previous and existing compliance by the bidder with laws relating to the contract or services
- Projected impact on City operational efficiency, and availability of budgeted funds
- Ability to apply recycled product procurement policy guidelines

Change Orders

A change order is the formal document that alters some condition of the public work contract document. A change order may alter the contract price, schedule of payments, completion date or the plans and specifications. Any change orders that significantly change the scope or price of the project are required to go back through the applicable approval process.

Public Works projects up to \$300,000

The Council has provided the Mayor signing authority for public work projects up to a value of \$300,000. The Mayor has in turn delegated approval authority to the department Director, or their designee, who are authorized to approve small public works contract change orders up until the total contract value meets or exceeds \$300,000. Change orders that take the total contract value over \$300,000 must be approved by the Chief Operating Officer, Finance Director or Mayor.

Tips and FAQs

Do I have to file a notice of completion for all projects?

No, a Notice of Completion is required to be filed for the pretax amount for projects of \$35,000 or more.

Public Works projects over \$300,000

The Mayor has also delegated approval of change orders to the department Director or designee(s) for an accumulation of up to 10% of the original contract award amount. Accumulated change orders greater than 10% of the original contract award amount must be approved by Chief Operating Officer, Finance Director or Mayor. If senior management determines further approval is needed, items will be presented to Council for approval.

Project Close Out

Project close out for Public Works over \$35,000 should consider the following steps:

- Verify all contractor paperwork received
- Complete final pay estimate
- Confirm invoices to 3rd parties have been processed (if applicable)
- Obtain City Council acceptance if applicable
- File a Notice of Completion with the Department of Labor & Industries, Department of Revenue, and Employment Security Department (This step completed by the Purchasing Division for non-CIP projects.)
- Validate that the City has received certificates of release from the Department of Labor & Industries, Department of Revenue, and Employment Security Department, certifying that all applicable taxes, premiums, and penalties have been paid.
- Release the retainage if applicable

Payments for Good and Services

The City's Accounting Division manages the accounts payable function. All packing slips, invoices and supporting documentation related to receiving goods and services should be forwarded to the Accounts Payable Division with a reference of the PO noted on the documentation.

City policy requires that goods and services must be received before payment can be made. Consideration to waive that requirement must be received in writing and state a justification for the advance payment. The Finance Director or Fiscal Services Manager have the authority to waive the policy.

Sources

[Link to NIGP Codes](#)

City of Redmond Personnel
Policy
Sections 11.10 and 11.50

Code of Ethics for
Municipal Officers
RCW 42.23

National Institute of Government Purchasing (NIGP) Commodity Codes

The City uses a standardized set of commodity codes called NIGP codes to ease the categorization of its business needs. The codes assist with finding available suppliers for products and services; track expenditures by type of goods, services or supplier; and are used to provide notification to applicable vendors when posting the City's requests for bids and proposals. A complete list of NIGP codes can be found on the City's intranet page, a link is provided in the sidebar.

Accurate NIGP codes are required to be noted on direct pay invoices and/or entered in to DAX when preparing a purchase requisition. For assistance identifying the proper NIGP code, please contact the Purchasing Division.

IV. PROTECT THE CITY

Code of Ethics

All purchasing should be conducted in compliance with the City's Employee Conduct Policy, Section 11.10 of the Personnel Manual.

Conflict of Interest

As a public entity, City purchasing activities must be conducted in an open, competitive manner so that any supplier wishing to do business with the City is given a fair opportunity and equal access to City bid offerings. All purchasing activities require compliance with the City's Employee Conduct Policy, Section 11.50 of the Personnel Manual.

Employees at all levels should avoid both real conflicts of interest and the appearance of conflicting interests in the purchase of goods and services for the City. Purchases of goods and services are prohibited from any supplier (company/business) owned or controlled by a City employee or their immediate family. Requests for contracting with, or payment to, such suppliers will not be honored by the City.

Unauthorized Purchases

Using City funds or a Procard for purchases of items 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.

If a purchase was made without proper authorization, but is in fact a justified purchase, the department Director has the option to approve the purchase after the fact. Approval and signing authority will be dictated by the guidelines surrounding the type of purchase as noted under the Authorization Section of this document.

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.

Insurance Requirements

The Risk Management Division of the Finance Department establishes and maintains a risk review program relating to contractual agreements entered in to by the City with other entities or persons. Almost every contract will provide some elements of risk language that are standard; some will depart from the standard. These deviations may require special insurance requirements or language relating to assumptions of risk.

In general, the City requires the following insurance levels:

Type	Insurance Certificate	General Public Liability	Professional Liability	Notes / Footnotes
Artistic Services Agreements	Varies			See City contract language.
Concessionaire Agreements	Required	\$2,000,000		
Special Events Use Agreements	Required	\$1,000,000		
Art Display and Indemnity	Varies			See City contract language.
Instructional Services Agreements	Required	\$1,000,000	\$1,000,000	Professional liability insurance required if commercially available in Agency's field of expertise.
Social/Community Services Agreements	Required	\$1,000,000	\$1,000,000	Professional liability insurance required if commercially available in Agency's field of expertise.
Non-Public Work Consultant Agreements	Varies	\$2,000,000	\$2,000,000	Professional liability insurance required if commercially available in Agency's field of expertise.
Non-Public Work General Services Agreements	Required	\$2,000,000	\$2,000,000	Professional liability insurance required if commercially available in Agency's field of expertise.
3rd Party Consultant Agreements	Required	\$2,000,000	\$2,000,000	Professional liability insurance required if commercially available in Agency's field of expertise.
Public Work Consultant Agreements (for Architects, Engineers & Surveyors)	Required	\$2,000,000	\$2,000,000	
Public Works Construction Agreements (short form)	Required	\$5,000,000		Unless lower limits apply due to WSDOT terms or other grant terms / conditions
Public Works Construction Agreements (standard form)	Required	\$5,000,000		
Public Works Construction Agreements (Federal Funds)	Required	\$5,000,000		

Definitions

Practicable means sufficient in performance and available at a reasonable cost.

Recyclable Products are products, which, after their intended end use, can demonstrably be diverted from the City of Redmond's solid waste stream for use as a raw material in the manufacture of another product.

Recycled Products are products manufactured with waste material that has been recovered or diverted from solid waste.

Sustainable Purchasing

Purpose

The City of Redmond recognizes that waste reduction, recycling and purchasing recycled products are important elements of sound waste management. To support recycling, and promote the development of markets for recyclable materials, the City of Redmond prefers the purchase of recycled products whenever they are available at a reasonable price.

Policies

Departments will use recycled and recyclable products whenever practicable.

Recycled paper will be used for copiers and printers. Letterhead, envelopes and business cards used by departments will be printed on recycled paper. A price preference not exceeding 10% is allowed for recycled paper purchases for this purpose. Printing will be done two sided when practicable.

When requesting proposals, the City will encourage its contractors and consultants to:

1. Use recycled paper for proposals, printed or photocopied material
2. Use both sides of paper
3. Recommend recycled alternatives to virgin materials

Environmental factors to consider in selecting products include:

- Pollutant releases
- Waste generation
- Greenhouse gas emissions
- Recycled content
- Energy consumption
- Depletion of natural resources, and
- Potential impact on human health and the environment

V. AUTHORITY

Approval Authority

Review and approval of various procurement actions are an important part of the process and a critical component of the City's internal controls. Those who have been granted approval authority are required to be mindful of the following considerations when approving procurement documents:

- Is it within policy or applicable law?
- Do you have the appropriate delegated authority to approve?
- Does the purchase serve an appropriate business and public purpose?
- Is the information accurate? (\$ amount, quantity, account numbers, available budget)
- Does the amount, vendor and frequency seem reasonable?
- Does it meet all ethical procurement practices (no conflicts of interest or personal gain, applicable quotes were obtained, etc.)?

The City Council has authorized the Mayor to approve purchases identified in the City's budget process which includes the purchase of supplies, equipment, and routine maintenance and repairs as noted in the following tables. When a purchase or project requires a contract or agreement, additional approval may be required. Signature authority has been granted to the Mayor for agreements or contracts up to an annual value of \$50,000 with two exceptions: authorization is increased to \$75,000 for instructional services; and \$300,000 for public works. The Mayor has the authority to delegate signing authority to others as noted in the tables below.

TYPE OF PURCHASE	REQUIRED AGREEMENT/CONTRACT APPROVALS
<i>Note: Purchase requisitions or direct pay invoices require NBU owner approval through the financial system.</i>	

Operating Supplies & Equipment – Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
\$50,001 - \$200,000	Delegated by Mayor to Finance Director or COO
Over \$200,000	Delegated by Mayor to Finance Director or COO

Operating Services, Repair & Maintenance and General Services – Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
Over \$50,000	Delegated by Mayor to Finance Director or COO

Professional Services – Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
Over \$50,000	Council provides authorization for the Mayor or designee to sign

Professional Services – Technology Services -- Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
Over \$50,000	Council provides authorization for the Mayor or designee to sign

Instructional/Artistic Services – Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$75,000	Delegated by Mayor to Director or Designee
Over \$75,000	Council provides authorization for the Mayor or designee to sign

Note: Instructional contracts > \$25,000 required to have cost recovery.

Contract Renewal – Annual Amount

Up to \$10,000	Delegated by Mayor to Director, Finance Director or COO
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
Over \$50,000	Delegated by Mayor to Finance Director or COO <i>No approval required by Council for a renewal if the original contract contained renewal provisions.</i>

A contract that has no renewal options or has expended all renewal options will need to be rebid and approved within the guidelines for the classification of purchase type. An extension, however, may be used to extend a completion date for a short amount of time when there is no dollar cost or if additional time is required to complete a bidding process. Approval from the department Director or designee is required for short term extensions.

Sole Source – Annual Amount

Up to \$10,000	Delegated by Mayor to Director or Designee
\$10,001 - \$50,000	Delegated by Mayor to Finance Director or COO
Over \$50,000	Council provides authorization for the Mayor or designee to sign

Intergovernmental Cooperative Purchasing Agreements

No Limit	Finance Director or Designee
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Interlocal (Interagency) Agreements, Grants

No Limit	Council provides authorization for the Mayor or designee to sign
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Architectural and Engineering Services (AES) – Project Amount

Up to \$10,000	Delegated by Mayor to Director, Finance Director or COO
\$10,001 - \$50,000	Delegated by Mayor to Director, Finance Director or COO
Over \$50,000	Council provides authorization for the Mayor or designee to sign

Public Works -- Project Amount	
< \$40,000 single craft	Delegated by Mayor to Director, Finance Director or COO
< \$65,000 multiple craft	Delegated by Mayor to Director, Finance Director or COO
> \$40,000 - \$300,000 single craft	Delegated by Mayor to Director, Finance Director or COO
> \$65,000 - \$300,000 multiple craft	Delegated by Mayor to Director, Finance Director or COO
Over \$300,000	Council provides authorization for the Mayor or designee to sign
Change Orders (CO) - Public Works	
Project cost <= \$300,000	
CO increases project cost <= \$300,000	Delegated by Mayor to Director or designee
CO increases project cost > \$300,000	Delegated by Mayor to Finance Director or COO
Project cost > \$300,000	
Accumulated <= 10% of project cost	Delegated by Mayor to Director or designee
Accumulated > \$10%	Delegated by Mayor to Director, Finance Director or COO. May require Council authorization.

Contract Types

The Purchasing Division can assist you with obtaining a copy of a standard contract to be used for approvals.

The following standard City contracts are available:

Art Display and Indemnity

Artistic Services

Consulting Services

General Services

Instructional

Instructional Services, On-Site

Review Panel

Short-Term Facility Rental

Social/Community Services

The following standard contracts for Public Work are available:

Small Construction Contract

Supplemental Consultant Agreement

Consultant Agreement – Federal Aid

Consultant Agreement for AES

Washington State Dept. of Transportation (WSDOT) Agreement – used for CIP projects

VI. CONTRACT ADMINISTRATION

The City Council sets general policy and guidelines for the expenditure of City funds. Council decisions are communicated through the City budgeting process whereby the Mayor has been granted authority to administratively carry out the expenditure decisions identified in the budget document.

The City Council has the authority to bind the City in all contracts and agreements. The Council has chosen to delegate a significant portion of this authority to the Mayor, who in turn has delegated selected signing authority to the Chief Operating Officer, Finance Director, department Directors or their designee(s). (See Approval Section.)

City contract signing authority is noted in the relative City Resolution, currently No.

Routing

Prior to routing a contract for approvals, several steps must be taken to ensure the contracting package has the correct information included.

The supplier/contractor is typically required to sign documents first. Prior to sending a contract package to them for signature, the following must be completed:

- Obtain approval from the department Director to proceed.
- Create the applicable City contract from the online system. (The Purchasing Division can assist you with choosing the correct contract for your project/purchase.)
 - If you are not using a City Contract, you may need to review the substitute contract with the City attorney. Check with your Department Director to determine if it is necessary to have the City attorney's review prior to routing.
- Attach the Scope of Work obtained from either the competitive process or create one to ensure the terms of services and applicable timelines are clear.
- Review the payment terms. If anything is other than net 30 days, contact the Purchasing Division for assistance. Any leases, loans, required monetary deposits, or programs implementing the acceptance of payments must be reviewed with the Finance Director or Fiscal Services Manager prior to proceeding.
- Attach any applicable Exhibits or Addendums.
- Provide the supplier/contractor a minimum of 2 copies for signature

Tips & FAQs

Link to City's online contract system

Once the signed copies have been returned from the supplier/contractor, the following documents must be attached to the internal route sheet:

- City routing sheet
- Statement of Supplier Selection form
- All of the above applicable documents to support the contract

When ready, provide 2 copies of the routing sheet and full contract package to the City Clerk for routing internally.

Duration of Contracts

Professional and general service contracts may have a duration of any combination of years up to 4 years for the initial term. Additional language may be included for renewals up to two 2-year extensions.

Public works and AES contracts typically cover the duration of a project and should match the scope of work.

Exceptions to contract duration may be granted by the Department Director or Designee for the following:

- Significant cost savings can be realized.
- Benefits of a shorter contract are outweighed by the costs of a competitive process.

Administration

Contract administration means any activity related to contracting, including the decision to contract, screening, selection, preparation, monitoring auditing and post contract follow-up. When initiating a contract on behalf of the City, the contract manager is responsible for the following:

- 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 appropriate to the contract.
- 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.
- Reviewing invoices and verifying delivery of services is validated.

Tips and FAQs

If my contract expires next year and I have no renewals left how early should I start planning for an RFP?

It depends on how complex the desired services and whether other areas of the City should be included in the planning. The Purchasing Division suggests you start planning for bidding at least 6 months prior to expiration. You'll want to prepare a scope of work, build an evaluation team and consider if the service involves a significant implementation of new services. You may also need to allow time for notifying City Council, obtain approval to proceed, negotiate terms and plan for changes in processes.

Contract Renewals, Amendments or Extensions

Contracts or agreements may have various terms that either plan for renewal periods or allow for some type of contingency or extension. The following is to be used as a guide for planning ahead when contracts are negotiated and/or come to the end of the agreed to term.

Renewals

When a contract has a renewal period specifically noted in the terms, no bidding is required to be able to renew the contract. Approval of the contract renewal is as noted in the Approval Authority section. It is important to note that if the dollar amount of the contract renewal is at a level that Council would typically approve, but the renewal provisions were clearly noted in the original contract sent through them, there is no need to take the agreement back through Council for approval of the renewal.

Contracts that originally specified a renewal may be extended with an amendment rather than a new contract or solicitation. Any changes in cost or minor changes in scope must be documented. Amendments for renewals must be routed through the applicable approval authority.

Amendments or Supplemental Agreements

Contract Amendments or Supplemental Agreements are considered changes to existing contracts. Changes to contracts may be processed as Amendments or Supplemental Agreements, rather than as new contracts, only if the changes are within the general scope of the original contract. Examples of an Amendment or Supplemental Agreement are items such as clarifying a date within the original scope, a minor clarification of terminology, or extending a short amount of time to complete a project without an increase in the cost. The Mayor has delegated approval of Amendments and Supplemental Agreements to the Director or designee for minor changes.

Changes within the scope of contracted terms that represent substantial increases in the quantity, cost, or nature of the work may not be appropriate for contract Amendments or Supplemental Agreements and may need to be addressed as a new procurement. In situations of this nature, please contact the Purchasing Division for assistance with determining the next steps. Approval authority for substantial changes would need to be routed through the applicable approval authority.

Tips & FAQs

Extensions

Extending a contract or service when no renewal terms were included in the original contract, or the contract has exhausted all renewal periods, may require a bidding process. Please see the appropriate classification of desired goods or services for the bidding requirements.

Use of Electronic Signatures for City Business

The City Council passed Resolution 1498 authorizing the use of electronic signatures. In accordance with the Electronic Signature Policy, electronic signatures may be used in the same way that physical signatures may be used.

Electronic Signature Policy

The policy of the City is to enable employees to conduct City business through the use of electronic signatures where desired when such use is consistent with these guidelines.

Employee Responsibilities when Using Electronic Signatures

All City employees who utilize electronic signatures in the conduct of their duties will have reviewed these policies to ensure that, to the best of their ability, the guidelines herein are followed.

Authorization for the Use of Electronic Signatures

Electronic signatures consistent with this policy may be used by the City in the same way that physical signatures may be used. City staff may rely on electronic signatures which are consistent with this policy in the same way staff relies on physical signatures.

Definition of Electronic Signatures

Electronic signatures include an electronic sound, symbol, or process –

- A variety of digital objects may serve as an electronic signature when provided in the context as approved by the Finance Director consistent with this policy.
- The electronic signature must clearly be associated with the related paper or process intended to be attested to.
- The signature must be verifiable as part of the underlying record (e.g. a clear indication of the electronic signature must be maintained as part of the documents or process being attested to).
- The signature must have been executed or adopted by a person with an intent to sign the record as appropriate based on the nature of the document.

Authorized Electronic Signatures

The Finance Director, in consultation with the City Clerk, Human Resources Director, City Attorney and Director of Technology and Information Services shall authorize acceptable forms and uses of electronic signatures.

In authorizing specific forms and uses of electronic signatures the Finance Director shall take into account the benefits as well as the risks. The following table illustrates that type of analysis that is consistent with this section.

Use Cases	Degrees of Risk				
	Very Low	Low	Medium	High	Very High
Employee Signing Timecard					
Supervisor signing personnel action notice					
Electronic purchase orders					
Class participant signing waiver					
Open bids					
Standard form contracts					
Interlocal Agreements					
Negotiated contracts					
Sealed Bids					
Real property documents					

The type of electronic signature authorized may vary relative to the nature of the risk. For example, a process indicating concurrence as an electronic signature may be used for low or very low risk cases, but not for medium or high-risk cases. For high risk cases, the electronic signature should take the form of a digital signature through an approved third-party process which includes verification of the specific intent to sign, an approved signature methodology, and maintenance of evidence of the electronic signature. Therefore, a risk assessment of those charged with authorizing the specific forms and uses of electronic signatures should be part of the approval process.

Acceptable Forms of Electronic Signatures

The following electronic signature types are authorized for use:

Very Low Risk - A process indicating approval or authorization

- Employee timecards
- Personnel action notices for performance reviews and administrative changes
- Performance reviews conducted with city software (NeoGov)

Low Risk – A digital object indication approval or authorization (such as signature image)

- Purchase orders
- Personnel action notices for any action not already authorized

Medium Risk – Use of a third-party electronic signature service (such as DocuSign)

- Class participant waivers
- Facility lease documents
- Open bids
- City standard form contracts
- Interlocal agreements

High Risk – Use of a third- party electronic signature service (such as DocuSign) which has been licensed as a certification authority (CA) by the Washington Secretary of State

- Non-standard form contracts

Very High Risk – Digital signatures are not authorized for very high-risk use cases

- None

References

RCW 19.34 - WASHINGTON ELECTRONIC AUTHENTICATION ACT

Electronic Signature Guidelines – Published by the Office of the Chief Information Officer, State of Washington
<http://des.wa.gov/sites/default/files/public/documents/About/rules/ESignProcedure.pdf>

Digital Signatures – Washington State Secretary of State's Office <https://www.sos.wa.gov/ea/>

Glossary of Terms for Electronic Signatures

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter:

"Accept a certificate" means to manifest approval of a certificate, while knowing or having notice of its contents. Such approval may be manifested by the use of the certificate.

"Accept a digital signature" means to verify a digital signature or take an action in reliance on a digital signature.

"Certificate" means a computer-based record that:

- Identifies the certification authority issuing it;
- Names or identifies its subscriber;
- Contains the subscriber's public key; and
- Is digitally signed by the certification authority issuing it.

"Certification authority" means a person who issues a certificate.

"Certification authority disclosure record" means an online, publicly accessible record that concerns a licensed certification authority and is kept by the secretary.

"Certify" means to declare with reference to a certificate, with ample opportunity to reflect, and with a duty to apprise oneself of all material facts.

"Digital signature" means an electronic signature that is a transformation of a message using an asymmetric cryptosystem such that a person having the initial message and the signer's public key can accurately determine:

- a. Whether the transformation was created using the private key that corresponds to the signer's public key; and
- b. Whether the initial message has been altered since the transformation was made.

"Electronic" means electrical, digital, magnetic, optical, electromagnetic, or any other form of technology that entails capabilities similar to these technologies.

"Electronic record" means a record generated, communicated, received, or stored by electronic means for use in an information system or for transmission from one information system to another.

"Electronic signature" means a signature in electronic form attached to or logically associated with an electronic record, including but not limited to a digital signature.

"Hold a private key" means to be authorized to utilize a private key.

"Incorporate by reference" means to make one message a part of another message by identifying the message to be incorporated and expressing the intention that it be incorporated.

"Issue a certificate" means the acts of a certification authority in creating a certificate and notifying the subscriber listed in the certificate of the contents of the certificate.

"Licensed certification authority" means a certification authority to whom a license has been issued by the secretary and whose license is in effect.

"Message" means a digital representation of information.

"Private key" means the key of a key pair used to create a digital signature.

"Public key" means the key of a key pair used to verify a digital signature.

"Recipient" means a person who has received a certificate and a digital signature verifiable with reference to a public key listed in the certificate and is in a position to rely on it.

"Recognized repository" means a repository recognized by the secretary under RCW 19.34.400.

"Repository" means a system for storing and retrieving certificates and other information relevant to digital signatures.

"Subscriber" means a person who:

- Is the subject listed in a certificate;
- Applies for or accepts the certificate; and
- Holds a private key that corresponds to a public key listed in that certificate.

"Time stamp" means either:

To append or attach a digitally signed notation indicating at least the date, time, and identity of the person appending or attaching the notation to a message, digital signature, or certificate; or
The notation thus appended or attached.

"Valid certificate" means a certificate that:

A licensed certification authority has issued;
The subscriber listed in it has accepted;
Has not been revoked or suspended; and
Has not expired.

However, a transactional certificate is a valid certificate only in relation to the digital signature incorporated in it by reference.

"Verify a digital signature" means, in relation to a given digital signature, message, and public key, to determine accurately that:

- a. The digital signature was created by the private key corresponding to the public key; and
- b. The message has not been altered since its digital signature was created.