

Procurement Policy - 12/20/2019

1. Policy Objective

1. To set forth the City's policy regarding a centralized procurement system for the City, the purpose of which is to establish the rules and processes for procurements within the City, based on State code.
 - a. Commodities and services purchased in the public sector represent a direct cost to the citizens and taxpayer.
 - b. Every purchase that City employees make is subject to public scrutiny. Ethics, Impartiality, Accountability, Professionalism, Service and Transparency are the values and guiding principles of public purchasing.
 - c. The rules, processes and regulations contained in this policy were developed to encourage competitive solicitations, promote transparency, guard against collusion and comply with State Statutes.
 - d. This Procurement Policy outlines the requirements for purchasing all goods and services.
 - e. The policy addresses a variety of topics which include; Categories, Methods, Authority, Ethics, Appeals, and Payments.

2. Policy Details

1. *Purchasing Categories, Methods and Authority*

- a. The City has assigned the following categories, methods and purchasing authority for purchases.
 - i. All employees are to identify which category is right for their respective request or purchase and follow that policy.
 - ii. General liability, automotive, and workman's compensation insurance are required for all contracts, written or verbal, which require services to be performed on City property.
 - 1) In addition, most professional services agreements will require professional errors and omissions insurance.
 - 2) It is each employee's responsibility to verify that such insurance is in place prior to the start of work. Only the City's Risk Manager may waive any insurance requirement.

b. PURCHASING CATEGORIES

i. CATEGORY ONE: Goods, Supplies & Equipment (I.C. §67-2806)

- 1) Purchases up to \$15,000 require one quote.
- 2) Purchases \$15,001 to \$50,000 require three written quotes.
- 3) Purchases \$50,001 to \$100,000 require an informal bid process.
- 4) Purchases \$100,001 and above require a formal bid process.

ii. CATEGORY TWO: Contracted Services (I.C. §67-2806)

- 1) Purchases up to \$15,000 require one quote.
- 2) Purchases \$15,001 to \$50,000 require three written quotes.
- 3) Purchases \$50,001 to \$100,000 require an informal bid or RFP process.
- 4) Purchases \$100,001 and above require a formal bid or RFP process.

iii. CATEGORY THREE: Professional Services

- 1) Sub-category (a) I.C. §67-2320: Engineering, Architect, Construction Management, Land Surveyors
 - a) Purchases up to \$25,000 require
 - i) A review of consultant's qualifications, and determination of

- Qualification, or
 - ii) Selection from a current approved roster.
 - b) Purchases \$25,001 and above require
 - i) A formal RFQ process, or
 - ii) Selection from a current approved roster created from a formal RFQ.
 - 2) Sub-Category (b) I.C. §67-2803(4): Attorney, Accountant, Planner etc.
 - a) Purchases in this category are exempt from any solicitation requirement. All other policy and procedure requirements still apply.
- iv. *CATEGORY FOUR: Public Works Construction*
 - 1) Purchases in this category have special requirements that must be met regardless of which department conducts the purchase.
 - a) All public works contractors performing work on projects above \$50,000(I.C. §54-1903)(i) must have a current Idaho Public Works Contractors License in the applicable trade(s).
 - b) It is the responsibility of the employee making the purchase to verify that the contractor meets this requirement.
 - c) Payment and performance bonds are required for all public works construction projects above \$50,000. These bonds shall be 100% of the contract price individually.
 - d) Purchases up to \$25,000 require one quote.
 - e) Purchases \$25,001 to \$50,000 require three written quotes.
 - f) Purchases \$50,001 to \$200,000 require an informal bid process. (I.C. § 67-2805)(2a)
 - g) Purchases of \$200,001 and above require a formal bid process.
 - h) TAX COMMISSION REQUIREMENTS FOR PUBLIC WORKS CONSTRUCTION
 - i) Within thirty (30) calendar days after City awards a contract to a public works contractor, the Purchasing Department shall notify the state tax commission that the contract has been awarded and shall provide to the state tax commission the name and address of the prime contractor. See I.C. §54-1904A.
 - ii) If material or equipment is purchased or supplied by the City, who is exempt from sales and use taxes, for subsequent use or installation by a public works contractor, then the use by the contractor is subject to use tax.
 - One. For example, if a contractor has a public works contract to build a structure using materials owned and supplied by the City, the contractor is the consumer of the materials and is subject to a use tax on their value.
 - Two. This tax falls directly upon the contractor and not the owner of the property. See Idaho Administrative Rules 35.01.02.12

v. *CATEGORY FIVE: Repair of Heavy Equipment*

- 1) Purchases in this category are exempt from solicitation requirement. See I.C. § 67-2803(14)

c. **PURCHASING METHODS**

i. *QUOTE*

- 1) Quotes may be obtained either verbally or written and must contain the following:
 - a) Description of the goods or services requested
 - b) All costs including delivery to the end users location
 - c) Any vendor terms and conditions

ii. *INVITATION FOR BID (Bid)*

- 1) All Invitation for Bids shall be issued by the Procurement Division and in one of

two forms, Informal and Formal. In the event of a tie bid, the City may award to the bidder it chooses.

2) Requirements:

a) Informal bid requirements

- i) Be open for a minimum of three (3) days
- ii) Must be sent to a minimum of three (3) vendors.
- iii) Be awarded to the bidder submitting the lowest responsive bid. (goods and services) or
- iv) Be awarded to the qualified bidder submitting the lowest responsive bid. (construction)

b) Formal bid requirements

- i) Advertised in the local paper two times with the last at least seven (7) days prior to the opening.
- ii) Be open for a minimum of fourteen (14) days
- iii) Bids must be submitted sealed.
- iv) A public bid opening shall take place
- v) Be awarded to the bidder submitting the lowest responsive bid. (goods and services)
- vi) Be awarded to the qualified bidder submitting the lowest responsive bid. (construction)

iii. REQUEST FOR PROPOSAL (RFP)

- 1) Request for Proposal's may be used for general services i.e. janitorial and landscape services or complex purchases i.e. software, specialized equipment, leases etc. Requests for Proposals shall be issued and managed by the Purchasing Division. Minimum Request for Proposal requirements are as follows:

- a) Describe what the product or service or solution is to accomplish.
- b) Provide evaluation criteria of how the solicitation will be awarded.
- c) City Project Manager shall select the evaluation team.
- d) Shall be awarded to the highest ranked proposer as ranked by the evaluation team.
- e) Final terms and conditions of the contract, including cost, may be negotiated.

iv. REQUEST FOR QUALIFICATIONS (RFQ)

- 1) Request for Qualifications must be used for the selection of Engineers, Architects, Construction Managers and Land Surveyors (I.C. §67-2320).
- 2) RFQ's shall be issued and managed by the Purchasing Division.
- 3) RFQ's, although not required, may also be used for other types of professionals services, i.e. accountant, attorney, auditor etc. Please contact Purchasing for applicability.

a) Request for Qualification requirements

- i) Describe the services required.
- ii) Provide evaluation criteria of how the solicitation will be awarded.
- iii) City Project Manager shall select the evaluation team.
- iv) Cost may NOT be a factor in the evaluation process.
- v) Shall be awarded to the highest qualified firm/individual as ranked by the evaluation team.
- vi) Final terms and conditions, scope of work and cost may be negotiated.

v. PRE-QUALIFICATION

- 1) The City may require Public Works Contractors to be pre-qualified for a particular project (I.C. §67-2805)(3)(b).
 - a) Pre-Qualification Requirements

- i) Advertise the Pre-Qualification in the local paper two times with the last publication at least seven (7) days prior to the qualification due date.
- ii) Describe the construction services to be performed.
- iii) Provide evaluation criteria of how contractors will be evaluated.
- iv) City Project Manager shall select the evaluation team.
- v) Only Contractors selected through the Pre-Qualification process will be allowed to bid on the construction project. All other bids received will be deemed non-responsive.

vi. LEASES

- 1) All leases must be processed through the Procurement Division regardless of dollar amount.
- 2) Capital leases must be appropriated and expensed for the full amount the first year of the lease.

vii. COOPERATIVE PURCHASING

- 1) With the approval of the Procurement Manager, purchases may be completed using cooperative purchasing agreements with any State Agency or Political Subdivision or government entities or associations thereof. Purchases may also be completed utilizing any purchasing cooperative that offers goods and/or services as a result of competitive solicitation in accordance with I.C. §67-2807, and that have been approved by the Procurement Manager.
- 2) **PUBLIC WORKS CONSTRUCTION PROCUREMENTS ARE EXCLUDED FROM COOPERATIVE PURCHASING.**
- 3) The Department may use the established state, federal, city, or county contracts to make purchases. The Division of Purchasing contract information is located at:
 - a) <http://purchasing.idaho.gov/statewide-contracts>
- 4) In accordance with I.C. §67-2803(1) and §67-2807(1), the City may also piggyback on other city or county bids if the pricing is consistent with the original bid and the bid process followed I.C. Title 67.
- 5) All contract documentation should accompany the purchase request.

viii. EMERGENCY PURCHASE

- 1) Emergency purchases may be completed without the requirement of a solicitation (I.C. §67-2808)(1). All other policy and process requirements still apply.
 - a) Emergency Purchase Requirements
 - i) The emergency purchase is necessary to safeguard life, health or property.
 - ii) The City Council must declare that an emergency exists within 60 days of the emergency event.

ix. SOLE SOURCE PURCHASES

- 1) Sole Source purchases are exempt from solicitation requirements and are broken into two categories
 - a) Sole Source Purchases up to \$50,000.
 - i) Procurement Manager approval is required.
 - ii) Only one source is reasonably available.
 - iii) Sole Source purchases must meet one of the requirements listed in Category b below:
 - b) Sole Source Purchases above \$50,000 (I.C. §67-2808)(2).
 - i) Only one source is reasonably available.
 - ii) Procurement Manager & City Council approval is required prior to

purchase.

- iii) Sole Source must be advertised in the local paper fourteen (14) calendar days PRIOR to making purchase.
- iv) Category b sole source purchases must meet one of the following requirements:
 - One. Compatibility of equipment, components, accessories, computer software, replacement parts or service is the paramount consideration;
 - Two. Where a sole supplier's item is needed for trial use or testing;
 - Three. The purchase of mass-produced movies, videos, books or other copyrighted materials;
 - Four. The purchase of public works construction, services or personal property for which it is determined there is no functional equivalent;
 - Five. The purchase of products, merchandise or trademarked goods for resale at a political subdivision facility;
 - Six. Where competitive solicitation is impractical, disadvantageous or unreasonable under the circumstances.

x. *PURCHASING WITH FEDERAL GRANT FUNDS*

- 1) Prior to effecting a purchase using any federal grant funds, procurement staff must verify through the System For Award Management (SAM) that the contractor/vendor is not excluded from doing business under a federal grant.

xi. *PURCHASING AUTHORITY*

- 1) By adoption of this Policy, the City Council has set the following signatory thresholds for purchases through the Procurement Division.
- 2) Through adoption of this Policy the Mayor has delegated signing authority to the Procurement Manager for purchases made per this policy:
 - a) PURCHASES UP TO \$10,000
 - i) Purchase Orders and Contracts in this range may be signed by any Department Director or Authorized City Personnel.
 - ii) All City Department Directors are required to insure all employees have read the Purchasing Policy prior to delegating signing authority for purchases in this range.
 - iii) The employee is responsible for verifying that there are funds available for the purchase and for obtaining all required documentation, i.e. insurance, licenses etc., for the applicable purchasing category.
 - iv) The employee is responsible for obtaining the City Attorney's approval of any contract the employee is signing.
 - b) PURCHASES ABOVE \$10,000
 - i) Purchase Orders and Contracts in this range must be signed by either the Procurement Manager, the Mayor or their respective designees, prior to the purchase.
 - ii) The Chief Financial Officer/City Treasurer will stand as the signatory in the absence of the Procurement Manager.
 - c) CONTRACTS ABOVE \$200,000
 - i) All contracts in this range require legal review and City Council approval.
 - d) CHANGE ORDERS
 - i) Employees may create change orders.
 - ii) All change orders must utilize the standard City form and be approved by the Procurement Manager.
 - iii) The Procurement Manager shall determine if specific change orders

require Council approval.

- iv) Employees are to contact the Procurement Manager prior to drafting & issuing a change order.
- e) CREDIT CARD USAGE
 - i) This policy states the minimum guidelines required by the City [Credit Card Policy](#), City Policy 6.2.5, and by law.
 - ii) Individual departments may establish more restrictive guidelines for usage.
 - iii) Credit card purchases must comply with the Procurement Policy requirements stated above.

xii. PURCHASING ETHICS AND VENDOR RELATIONSHIPS

- 1) Every City employee has a personal responsibility to conduct government business in an ethical manner and assure the integrity of the City purchasing and purchasing processes.
- 2) All City employees and elected officials are responsible for adherence to City and State purchasing rules, and regulations.

a) CODE OF ETHICS

- i) All City employees responsible for procuring goods or services shall:
 - One. Follow the rules and regulations of the City Standards of Conduct Policy 7.5 and the laws of the State of Idaho.
 - Two. Avoid activities that would compromise or give the perception of compromising the integrity of the procurement process and the best interests of the City. (ref. City Conflict of Interest Policy 6.18).
 - Three. Reduce the potential for any charges of preferential treatment by actively promoting the concept of competition.
 - Four. Act as good custodians of public money by obtaining maximum benefit for funds spent.
 - Five. All employees are required to comply with the City's Policy 6.11 in regards to gifts and gratuities.
 - First. In addition to City Policy 6.11 employees in a position to make or recommend an award of a City purchase shall not solicit or accept gifts, money, prejudicial discounts or entertainment material which might influence or appear to influence purchasing decisions.

b) VENDOR RELATIONSHIPS

- i) Developing and maintaining good relationships with our suppliers is important. City personnel should work through the Procurement Division for vendor communication.
- ii) Maintain and practice, to the highest degree possible, business ethics, professional courtesy, and competence in all transactions.
- iii) Adhere to and protect the supplier's business and legal rights to confidentiality for trade secrets, and other proprietary information.

c) LOYALTY AWARDS (GIFT CARDS) AND GIFTS

- i) Employees are prohibited from personally accepting loyalty/gift cards and/or gifts from vendors for making purchases on behalf of or in any capacity for the City.
- ii) The City, and not the employee, is being rewarded for its faithful business.
- iii) Therefore, employees are to ask for discounts on the purchase being made in lieu of gift cards.

d) PROHIBITIONS

- i) The City has adopted the following in regard to purchasing

prohibitions:

- One. I.C. §67-9230 – Conflict of interest regarding the holding of contracts or selling to the City property or supplies by City employees unless award is made after competitive bids per City Policy 6.18.
- Two. I.C. §67-9230 – Prohibition regarding the influencing or conspiring to influence public purchasing decisions and contract awards.
Attempts at influence may include kickbacks and bribes, peddling or payment of a fee, back door selling, hard-sell tactics, fraternization, or offering gifts to avoid following published procedures or gain advantages.
- Three. I.C. §59-1026 – Circumventing Purchasing Authorization – Prohibits efforts by employees to obtain products or services by avoiding the competitive process by splitting purchases or creating false emergency situations.
- Four. I.C. §67-9230 – No vendor or related party, or subsidiary, or affiliate of a vendor may submit a bid to obtain a contract to provide property to the City, if the vendor or related party, or affiliate or subsidiary was paid for services utilized in preparing the bid specifications or if the services influenced the procurement process.

xiii. APPEALS

- 1) The City strives for a fair, legal and transparent solicitation process.
- 2) Any bidder, proposer or vendor who believes they were aggrieved in connection with a solicitation or award may appeal to the Procurement Manager.
- 3) The solicitation appeals are as follows:
 - a) Specification Appeal
 - i) Informal Solicitation – A bidder/proposer must submit an appeal to the Procurement Manager at least one (1) day prior to the due date and time of the solicitation.
 - ii) Formal Solicitation – A bidder/proposer must submit an appeal to the Procurement Manager no later than three (3) days prior to the due date and time of the solicitation.
 - b) Appeal of Award
 - i) Formal Solicitation – A bidder/proposer must submit an appeal to the Procurement Manager within seven (7) calendar days of the transmittal of the Notice of Intent to Award, stating the express reason(s) the aggrieved bidder feels that the award decision is in error.

xiv. PAYMENT PROCESSING

- 1) See [Accounts Payable Policy](#)

2. Idaho Statutes Regarding Purchasing, Contracting and Purchasing

- a. Public Works Contractor Licensure Requirements
 - i. I.C. §54-1904 (i)
- b. Exemptions to Public Works Contractor Licensure
 - i. I.C. §54-1903 (i) & (k)
- c. Filing of Notices and Income Tax Returns -- Payment of Income Taxes by Contractors
 - i. I.C. §54-1904A
- d. Public Works Construction Bidding
 - i. I.C. §67-2803 (2) & (3)
- e. Public Purchasing of Goods and Services Bidding
 - i. I.C. §67-2803 (2)

- ii. I.C. §67-2805 (2) & (3)
- f. Purchasing By Political Subdivisions
 - i. I.C. Title 67, Chapter 28
- g. Exemptions to Public Purchasing of Goods and Services Bidding
 - i. I.C. §67-2803 (1) through (7)
 - ii. I.C. §67-2806
 - iii. I.C. §67-2808 (1)
- h. Joint Purchasing Program
 - i. I.C. §67-2807 (1)
- i. Penalties – Political Subdivisions/Public Officials
 - i. I.C. §54-1914 (2)
 - ii. I.C. §54-1920 (2)
 - iii. I.C. §59-1026
- j. Penalties – Contractors
 - i. I.C. §54-1914 (1)
 - ii. I.C. §54-1920 (1) & (3)
- k. Prohibitions
 - i. I.C. §67-9230
- l. Professional Service Contracts with Design Professionals, Construction Managers and Professional Land Surveyors
 - i. I.C. §67-2320
- m. Disposal of Surplus
 - i. I.C. Title 50, Chapter 14
- n. Abandoned or Unclaimed Property in Possession of Sheriff or City Police Department -- Sale at Public Auction.
 - i. I.C. §55-403
- o. Written Plans and Specifications for Work To Be Mandate by Officials – Availability
 - i. I.C. §67-2309
- p. Leases
 - i. I.C. §50-1409
- q. Public Works Contractors
 - i. I.C. Title 54, Chapter 19
- r. IDAHO ADMINISTRATION RULES
 - i. Idaho Sales and Use Tax Administrative Rules – Contractors
 - 1) 35.01.02.12
- s. STATE OF IDAHO BOARD OF EXAMINERS
 - i. State Personal Surplus Property Policy and Procedures
 - 1) Policy No. 442-40

3. Policy Roles and Responsibilities

1. City Procurement Manager is responsible for establishing all procurement policies
2. City department directors are responsible for establishing all procurement procedures for their departments
3. Procurement Manager is responsible for approving the City Purchasing Policy
4. City Procurement Manager is responsible for updating the purchasing policy annually

4. General Purpose Statement

The City of Meridian (City) has an important responsibility to its citizens to carefully account for public funds, manage municipal finances wisely and transparently, manage growth, plan for adequate funding necessary for future maintenance, and development within the City.

The financial management policies of the City are designed to establish guidelines for the fiscal stability of the City. The scope of the financial management policies of the City generally spans, among other issues, accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control,

asset management, procurement, debt management, and planning concepts, in order to:

- a. demonstrate to the citizens of Meridian, the investment community, and community partners that the City is committed to a strong fiscal operation;
- b. provide precedents for future policy-makers and financial managers on common financial goals and strategies;
- c. present fairly, transparently, and with full disclosure the financial position and results of the financial operations of the City in conformity to Generally Accepted Accounting Principles (GAAP); and
- d. determine and demonstrate compliance with finance-related legal and contractual issues in accordance with provisions of the State of Idaho Government Code and other pertinent legal documents and mandates.

Approval Date - 12/20/2019

Governance Body : Finance Department - Procurement Manager

Related Procedures

- [Road Trust requests from ACHD](#)