



RESOLUTION NO. 2019 - 783

A RESOLUTION OF THE CITY OF NEWCASTLE, WASHINGTON, ADOPTING UPDATED PURCHASING POLICY AND PROCEDURES; AND REPEALING RESOLUTION 2010-0466.

WHEREAS, updated Purchasing Policy and Procedures will improve City staff efficiency and accuracy in contracting and procurement; and

WHEREAS, the updated Purchasing Policy and Procedures provide for clear and consistent signature authority; and

WHEREAS, the City of Newcastle desires to conduct all purchasing in accordance with applicable Washington state law; and

WHEREAS, the City Council desires to repeal outdated purchasing policies adopted under Resolution 2010-0466;

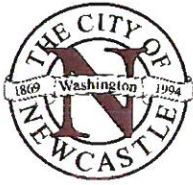
NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NEWCASTLE, WASHINGTON does hereby adopt the updated Purchasing Policy and Procedures dated February 15, 2019, attached hereto as "Exhibit 1", and repeals Resolution 2010-0466.

APPROVED BY THE CITY COUNCIL at a regular meeting held Tuesday, March 5, 2019.

Allen Dauterman, Mayor

ATTEST

Sara McMillon, City Clerk



RESOLUTION 2019 – 783 EXHIBIT 1

City of Newcastle Purchasing Policy & Procedures Updated March 5, 2019

- 1.0 Purpose
- 2.0 Definitions and Controlling Laws
- 3.0 Purchasing Authority
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- 5.0 Exceptions
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1.0 Purpose

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

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

This edition of the Purchasing Policy is dated February 15 2019 and supersedes all purchasing directives. All references to the Revised Code of Washington (RCW) and/or City Ordinances and Resolutions shall be incorporated as part of this policy including all future amendments.

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

2.0 Definitions and Controlling Laws

Purchasing, Procurement

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

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

Vendor, Contractor, and Consultant:

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

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

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

Bid, Quote, Proposal

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

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

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

Acronyms

SOQ – Statement of Qualifications

RFQ – Request for Qualifications

RFP – Request for Proposal

ITB – Invitation to Bid (Formal Bid)

ITQ – Invitation to Quote (Small Works)

MWDBE – Minority, Women, and Disadvantaged Business Enterprise

CIP – Capital Improvement Plan

Types of Purchases

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

Reference: RCW 39.04.010

2.2 Materials, Supplies and Equipment

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

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

Reference: RCW 39.04.010

2.3 Services:

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

2.3.1. Professional/Personal Services:

Services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature, involving the consistent exercise of judgment and discretion. They do not include architecture and engineering services, which have their own requirements. Certain professional/personal services may require licensing or certification by state agencies, such as accounting, legal, or medical services. Professional/personal services should not be

confused with purchased/general services, which are generally routine, repetitive, or mechanical in nature and support an agency's day-to-day operations.

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

There are no statutory requirements for Professional/Personal Services for local governments.

2.3.2 Architectural and Engineering Services (A&E Services):

Services provided by any person, other than an employee of the agency, that fall under the general statutory definitions of:

- Architecture (RCW 18.08)
- Engineering (RCW 18.43)
- Land surveying (RCW 18.43)
- Landscape architecture (RCW 18.96)

State licenses and certifications are required in these professions, and A&E projects may be performed in conjunction with public works projects.

2.3.3 Personal/General Services:

Services provided by vendors for routine, necessary, and continuing functions of a local government agency, mostly relating to physical activities. These services are usually repetitive, routine, or mechanical in nature, support the agency's day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making.

The state Department of Labor and Industries considers some services, such as HVAC maintenance or road striping, to be public works (see Public Works above). Purchased services should not be confused with personal services, which are mostly intellectual in nature.

- *Examples: Building maintenance, elevator maintenance, herbicide application, recycling/disposal/litter pickup service, automotive services, and instructors.*

There are no statutory requirements for procurement of Personal/General Services for local governments.

3.0 Purchasing Authority

Materials, Supplies, & Equipment (excluding Public Works)

Amount	Approval
< \$25,000	City Manager
\$25,000 - \$50,000	Finance Committee
> \$50,000	City Council

Services (excluding Public Works)

Amount	Approval
< \$15,000	City Manager *
\$15,000 - \$50,000	Finance Committee
> \$50,000	City Council

* The City Manager shall have approval authority for all services that are reimbursable by development.

Note: All threshold amounts shown include applicable Washington State sales tax.

Contract Amendments

- The amount of the amendment follows the original purchase authority so long as the aggregate contract total does not exceed the purchase authority threshold.
- Amendments that do not change the total value of the contract (i.e.: a new contract expiration date) may be signed by the Department Director.

Public Works

Amount	Approval
< \$50,000	City Manager
\$50,000 - \$100,000	Finance Committee
> \$100,000	City Council

Public Works Change Orders

Amount (cumulative total)	Approval
≤ \$100,000 or 10% of the original contract amount, whichever is less	City Manager *
> \$100,000 or 10% of the original contract amount	City Council

* The City Manager may authorize amounts that exceed the listed threshold in unique circumstances per NMC 2.65.060.

Note: All threshold amounts shown include applicable Washington State sales tax.

4.0 Procurement Requirements

Materials, Supplies, & Equipment (excluding Public Works)

Basis: Lowest Responsible Bidder

Quotes Allowed	Vendor List Allowed	Competitive Bids Required
≤ \$7,500	≤ \$15,000	> \$15,000

Reference: RCW 35.23.352

Exceptions: RCW 39.04.270, RCW 39.30.045, RCW 39.04.280

Personal & Purchased Services (excluding Public Works)

Non Competitive Process	Consultant Roster	Formal RFP
< \$25,000	\$25,000 - \$150,000	> \$150,000

Professional Services (Architects & Engineers)

Basis: Qualifications-based selection (QBS) process

Non Competitive Process	Consultant Roster	Formal RFQ
< \$25,000	\$25,000 - \$150,000	> \$150,000

Reference: RCW 39.80

Public Works

Basis: Estimated Project Cost

Solicit Quotes / Day Labor	Small Works Roster	Formal Bid Process
≥ \$40,000 single-craft ≥ \$65,000 multi-craft < \$35,000 Limited PW	≤ \$300,000	> \$300,000

Reference: RCW 39.04

Notes:

1. All threshold amounts shown include applicable Washington State sales tax.
2. Thresholds shall be adjusted commensurate with any subsequent legislative changes

5.0 Exceptions

Request an exception to the competitive process:

Applies to contracts for public works and contracts for purchases.

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

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

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

- a) Purchases that are clearly and legitimately limited to a single source of supply;
- b) Purchases involving special facilities or market conditions;
- c) Purchases in the event of an emergency;
- d) Purchases of insurance or bonds; and
- e) Public works in the event of an emergency (see Section 6.0)

Exemption Process:

Complete a written request to the City Council including:

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

6.0 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 proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Competitive bidding may be waived subject to the following process:

Declared Emergency Process:

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