

1000.7 SUBJECT: PROCUREMENT OF GOODS AND SERVICES

:1 OBJECTIVE:

Describe policy and procedures for developing and processing purchasing transactions.

:2 AUTHORITY:

This procedure amended by City Council February 26, 2007, Item A5.

:3 DIRECTION:

Director of Purchasing and Materials Management, as an appointed official, serves at the pleasure of, and receives direction from the Mayor through the General Administration Department Director.

:4 METHOD OF OPERATION:

A. Definitions

1. *Agreement* - The written agreement between City and contractor covering the work to be performed; other contract documents are incorporated in or referenced in the agreement and made a part thereof as provided therein. Whether an agreement has legal consequences is determined by the provisions of the Uniform Commercial Code of Florida, if applicable; otherwise, by the law of contracts. Policy and Procedure 161.3 provides detailed instructions for the development and processing of Agreements.
2. *Amendment* - A modification, deletion, or addition to an executed contract including work orders, by means of a formally executed document signed by both parties.
3. *Bid* - A formal written price offer by a vendor to the City to furnish specific goods or services in response to a Invitation for Bids or a multi-step bidding procedure.
4. *Bid Award* - Award of a bid for which funds have been appropriated by the City Council.
5. *Blanket Purchase Order* - A purchase order under which a vendor agrees to provide goods or services to a purchaser on a demand basis; the purchase order generally establishes a maximum dollar limit, prices, terms, conditions, and the period covered, with no specified quantities; shipments are to be made as required by the purchaser.
6. *Certificate of Insurance* - A document which is provided by the contractor/consultant to show proof of insurance according to the City requirements.
7. *Change Order* - A written instrument issued on or after the effective date of the formal written contract or purchase order, which when duly executed by City and contractor amends the contract documents to provide for changes in the work or in the provisions of the contract documents, or changes in contract price or contract time, or any combination thereof.
8. *Construction* - The process of building, altering, repairing, improving, or demolishing any public structure or building, or other improvements of any kind to any public real property. It does not include the routine operation, repair, or maintenance of existing structures, buildings, or real property.
9. *Contract Types* - The contract types listed below with their major subject content may be utilized as a guide in preparing contracts.
 - a) *Payable* - A contract in which the City issues payments to other parties for goods, services or construction.

- b) Receivable - A contract which generates revenue for the City.
 - c) Miscellaneous - A contract which may obligate the City to perform some type of action but does not obligate the City to issue payment.
10. *Emergency Purchase* - A procurement made in response to certain emergencies or when the delay caused by complying with all governing rules, regulations, and/or procedures would be detrimental to the health, safety and welfare of the City and/or its citizens.
 11. *Goods* - Any tangible personal property other than services or real property.
 12. *Information Technology (IT)* – Data processing, telecommunications, and office systems technologies and services.
 13. *Internet* – The international computer network of both federal and nonfederal interoperable packet switched data networks, including the graphical subnetwork called the World Wide Web.
 14. *Invitation for Bids* - All documents, whether attached or incorporated by reference, utilized for soliciting sealed bids for the procurement of construction, goods, and/or services.
 15. *On-line Bidding* – Procurement Process in which the Office of Purchasing receives bids/proposals for goods, services, construction or information services electronically over the Internet in a real-time, open, interactive, competitive bidding event.
 16. *Purchasing Card Program* - A program designed to improve efficiency in processing low dollar purchases of commodities or services from any vendor that accepts a credit card. It allows the cardholder to purchase commodities and services directly from vendors within the transaction limits established for each cardholder. The maximum dollar amount for a single purchase is \$1,000. Each procurement card is issued to a named individual and the City is clearly shown on the card as the Governmental buyer of goods and services. Policy and Procedure 412.3 provides detailed instructions for the use of a procurement card.
 17. *Procurement* – Buying, purchasing, renting, leasing, or otherwise acquiring goods, services, construction or information services. It also includes all functions that pertain to the obtaining of goods, services, construction or information services, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
 18. *Proposal* - An executed formal document submitted by a vendor to the City stating the goods and/or service offered to satisfy the need as requested in the Request for Proposal or Request for Information.
 19. *Proprietary Purchase* - A purchase that occurs when there is more than one vendor who can provide the goods or services, but because of exigent circumstances only one specific vendor should provide the goods or services.
 20. *Public Notice* – The distribution or dissemination of information to interested parties using methods that are reasonably available. Such methods will often include publication in newspapers of general circulation, electronic or paper mailing lists, and web site(s) designated by the City and maintained for that purpose.
 21. *Purchase Order* - The document used to authorize a purchase transaction with a vendor, which contains provisions for goods and/or services ordered, applicable terms as to payment, discounts, date of delivery or performance of services, transportation and other factors or conditions relating to the transaction. Acceptance of a purchase order by a vendor shall constitute a contract.
 22. *Quotation* - Any oral or written informal offer by a vendor to the City to furnish

- specific goods and/or services at a stated price.
23. *Request for Information (RFI)* - A solicitation sent to prospective vendors/contractors to provide information to determine specifications, qualifications and/or capabilities to satisfy a need rather than a firm specification. The respondent may be given latitude in order to develop a product and/or service, which will fulfill the need. Upon receipt of responses to the RFI, the City may develop specifications for an Invitation for Bids or criteria for a Request for Proposals, either of which may be issued to qualified bidders/proposers who submitted responses to the RFI.
 24. *Request for Proposals (RFP)* - A solicitation for response for complex systems and/or services for which the scopes of work, specifications or contractual terms and conditions cannot reasonably be closely defined. Evaluation of a proposal is based on prior established criteria stated in the RFP.
 25. *Requisition* - A request transmitted by the purchasing system to the Office of Purchasing to procure goods or services from vendors. The System User's Guide contains instructions for processing requisitions and other purchasing transactions.
 26. *Responsible Bidder, Proposer, or Respondent* - A person who has the capability in all respects to perform fully the contract requirements, and the tenacity, perseverance, experience, integrity, ability, reliability, capacity, facilities, equipment, financial resources and credit which will assure good faith performance.
 27. *Services* - The furnishing of primarily labor, time, and/or effort by consultants or contractors, wherein the submission of goods or other specific end products other than reports, studies, plans, advisories, contractual documents, or other documents relating to the required performance is incidental or secondary. This term shall not include employment agreements or collective bargaining agreements.
 28. *Signature* - A manual or electronic identifier, or the electronic result of an authentication technique attached to or logically associated with a record that is intended by the person using it to have the same force and effect as a manual signature. [Reference Florida State Statutes, Chapter 668, Part I, Electronic Signatures.]
 29. *Small Purchases* - Any procurement not exceeding \$1,000.00 may be authorized by a Department Director or Bureau Chief and their designees in accordance with procedures promulgated by the Director of Purchasing provided, however, that procurement requirements shall not be artificially divided so as to constitute a small purchase transaction as defined herein. A procurement card or check request (replaces field purchase order) will be used to authorize vendor payment.
 30. *Sole Source* - The only existing source of an item which meets the needs of the user department as determined by a reasonably thorough analysis of the marketplace.
 31. *User Department* - That department within the City government which requests and utilizes goods and/or services.
 32. *Warranty* - The representation, either express or implied, that a certain fact regarding the subject matter of a contract is presently true or will be true.
 33. *Work Order* - Authorization for performance of professional consulting and other services under Master Agreements.
 34. *Written or In Writing* - The product of any method of forming characters on paper, other materials, or viewable screens, which can be read, retrieved, and

reproduced, including information that is electronically transmitted and stored.

B. Purposes:

1. To provide increased economy in government procurement activities and to maximize to the fullest extent practicable the purchasing values of funds while ensuring that procurements are the most advantageous to the City.
2. To foster effective broad-based competition for public procurement within the free enterprise system.
3. To modernize the law governing procurement in the City and permit the continued development of explicit and thoroughly considered procurement policies and practices.
4. To ensure the fair and equitable treatment of all persons who deal with the procurement system through a transparent bidding process which will promote increased public confidence in the procedures followed in public procurement.

C. Procurement of Goods and Services

The majority of purchasing transactions are for goods which are requisitioned through the electronic purchasing system in accordance with the User's Guide.

Requests for services or complex systems including annual agreements for professional services, equipment maintenance, and facility/grounds maintenance, usually involves detailed specifications and a scope of work. The two methods for competitively bidding requests for services are 1) Request for Proposals and 2) Invitations to Bid. Requests for consulting services for architectural, engineering, land surveying and landscape architectural services are handled by the Public Works Department.

In accordance with the Purchasing Code, (Chapter 7 of the City Code) in certain instances authority to make purchases and request quotes from qualified vendors may be delegated to Department Directors, Office Heads, and Bureau Chiefs. Policy and Procedure 161.3 includes specific delegations of authority currently in effect. Additionally, Bureau Chiefs and Department/Office Directors and their designee(s) are hereby delegated the authority to solicit and receive quotes for goods and services from vendors/contractors due to time and other constraints with an expenditure limit of \$10,000 per transaction. Procurement Cardholders are delegated the authority for purchases in the amount of \$1,000 or less per transaction. Requests for Consulting Services are processed in accordance with Policy and Procedure 133.1 and 133.2.

Sole source and emergency purchases require adequate justification statements in the form of a memo approved by the appropriate Office Head/Department Director. Detailed procedures for Emergency Purchases and Sole Source Purchases are in Policies and Procedures 1000.5 and 1000.16 respectively.

D. Methods of Purchase

The following purchasing methods are used by the City to acquire goods, services, and equipment:

1. *Informal Quotes (Up to \$25,000)*
Verbal quotes are solicited from selected vendors by Purchasing or Departments/Bureaus/Offices/Divisions. The goods or services being purchased must be provided by the specified required date and time. Quotes obtained by Departments/Bureaus/Offices/Divisions are sent to the Buyer who reviews the quotes, processes any required insurance certificates and/or contracts, selects the

lowest quote meeting required specifications for award and issues a purchase order. Purchases of goods or services (excluding capital assets costing \$1,000.00 or more) costing less than \$1,000.00 per transaction require one or two quotes and may be made by an authorized Procurement Cardholder.

One to three verbal quotes should be obtained for purchases in the aggregate amount of less than \$10,000. Three verbal quotes should be obtained for purchases in the aggregate amount between \$10,000 to \$25,000.

2. *Written Quotes (Up to \$50,000)*

Written quotes for purchases from \$25,000.01 to \$50,000.00 are solicited by issuance of a written "Request for Quote" to a minimum of three vendors. Usually these Requests for Quotes are sent electronically. The "Request for Quote" details the quantity of items being purchased and the City's specifications. Vendors must return the completed "Request for Quote" within the designated time period. Buyers review quotes and make the award to the most responsive and responsible vendor. Verbal quotes are authorized when time constraints do not permit use of the written quote method.

3. *Formal Sealed Bids (Over \$50,000) and Requests for Proposals*

All purchases of products and services exceeding \$50,000, whether a one time purchase or an annual agreement, are acquired through this process.

Legal notices are published in the Orlando Sentinel or the Orlando Times informing the public of the products or services being solicited.

Invitation to Bid and Request for Proposal packages are prepared with appropriate terms and conditions, and detailed specifications including instructions for proposing or bidding and any special requirements. Assigned dates for a Pre-Bid/Proposal Conference (if any) and for the Public Bid/Proposal Opening are also included.

Sealed bids or proposals are publicly opened and read at the time designated in the bid/proposal documents and legal notices.

Bids/Proposals are evaluated and recommendations are forwarded to the appropriate level of authority for review, approval, and award.

Purchase orders and/or contracts are awarded to the most responsive and responsible bidder(s)/proposer(s).

Bid responses are made available for public inspection the day of the opening and Request for Proposal responses are made available ten (10) days after the opening.

Requests for Proposals are evaluated by a Selection Committee comprised of City staff and, when required, members are selected from private industry and other government agencies. The process to be followed by the Committee during the proposal evaluation process is as follows:

STEP I – Proposal packages will be reviewed by the Purchasing Agent for compliance with the submittal and content requirements cited in the RFP.

- A. Responsive Proposals will be reviewed under Step II.
- B. Non-Responsive Proposals will not be considered by the committee.

Prior to the initial committee meeting and after receipt of proposals, the Committee Chairperson and the Purchasing Agent will meet and review the proposal evaluation process.

STEP II – An evaluation scoring system will be used to rank the proposals. The request for proposals shall state relative importance of cost or revenue to the City and other evaluation factors. The selection committee chairperson will use the sample format provided by Purchasing. Point weightings are assigned to the evaluation criteria prior to release of the request for proposal and these evaluation factors/points cannot be changed except by written addendum issued prior to the submission date for the proposal. The scoring matrix and the weighted factors must be included in the RFP document so the proposers know how they will be evaluated. Any exceptions to this process must be approved by the CAO.

STEP III – Based upon the evaluation conducted in Step II, the firm(s) deemed to be in the competitive range may be interviewed. Thereafter, the evaluation team will finalize their proposal scoring based upon the interview(s). All committee meetings must be posted a minimum of forty-eight (48) hours in advance by the City Clerk's Office. Minutes must be completed and filed with the appropriate custodian within five (5) business days.

STEP IV – Selection and Award.

As provided in the request for proposals, discussions may be conducted with responsible offerors who submit proposals determined to be reasonably acceptable of being selected for award for the purpose of clarification and to assure full understanding of, and responsiveness to, the solicitation requirements. Proposers must be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals and such revisions may be permitted after submission prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing proposers, except as may be required by the Florida Public Records Law, Chapter 119, Florida Statutes.

Award shall be made to the responsible offeror whose proposal is determined to be the most advantageous to the City, taking into consideration the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation.

A recommendation will be sent to the Director of Purchasing for approval and submittal to City Council for approval if the value of the award exceeds the Director's authority.

4. *Delegation of Purchasing Authority/Small Purchases*
 - a. Department Directors and their designees have the authority to authorize purchases of materials, supplies, and services not to exceed \$1,000.00 by either check request or Purchasing Card.
 - b. To authorize a small purchase each Department shall establish internal controls to insure that unless there is a time or quality constraint commodities are obtained at competitive prices, and that competing vendors are provided equal opportunity to quote on City requirements.
 - c. It is the responsibility of the user Department to ensure all “extra” charges, such as freight, handling, and set-up are considered before a purchase is made. Vendor willingness to honor requests exceeding \$1,000.00 does not authorize Department Directors or their designees to make such purchases.
 - d. It is the policy of the City that all goods and services procured with respect to employee service, achievement or M.E.R.I.T.S. awards and any entertainment and events related to employee appreciation or the M.E.R.I.T.S. program shall be procured by the Bureau of Purchasing and Materials Management. Up to the limits of his own authority, the Director of Purchasing shall have the authority to delegate the procurement of any such items to the Chief Administrative Officer.

5. On-Line Procurement
 - a. Objective:

To establish a policy by which the Purchasing Office can engage in on-line, electronic bidding as a means of obtaining bids from vendors for procurements in the open market, of goods, services, construction and information services.

 - b. On-line Bidding Process:
 - (1) Conditions for Use. When the Director determines that electronic, on-line bidding is more advantageous than other procurement methods provided by this procedure, the Director may use on-line bidding to obtain competitive bids electronically for the purchase of goods, services, construction and information services in the open market, regardless of the dollar value of the transaction.
 - (2) Bidding Process. The solicitation must designate an opening date and time. The closing date and time may be fixed or remain open, depending on the structure of the item being bid on-line. Information regarding the closing date and time must also be included in the solicitation. At the opening date and time, the Director must begin accepting on-line electronic bids, and must continue accepting bids until the bid is officially closed. Bidders will be required to register before the opening date and time and, as part of that registration, bidders must agree to any terms, conditions or other requirements of the solicitation.

The Director may also pre-qualify bidders and allow only those bidders who are pre-qualified to submit bids on-line.
 - (3) Provisions of Chapter 7 of the City Code that Do Not Apply. Sections 7.16 (Competitive Sealed Bidding) and 7.17 (Competitive Sealed Proposals), do not apply to solicitations

issued pursuant to this section.

- (4) Bid Results. All bids submitted electronically through an on-line bidding process are public information and subject to the State of Florida Public Records Act, the same public disclosure laws that govern bids received through the sealed bid procurement process.
- (5) Remedies. All remedies available to bidders through the sealed bid process under Chapter 7 of the City Code, Section 7.14 (Appeal of Director of Purchasing and Materials Management decision) are also available to bidders in an on-line bidding process.

E. Open Market Purchases

In accordance with Section 7.18 of the Purchasing Code, Chapter 7 of the City Code, the Director of Purchasing is granted the authority to purchase goods and services on the open market without conducting competitive sealed bidding or competitive sealed proposal procedures.

If the Director determines it is either not practical due to time or other constraints or not advantageous to the City, to strictly observe the bidding procedures prescribed in Sections 7.16 and 7.17 of the Code, he will authorize the appropriate Purchasing Agent to initiate an open market purchase.

Purchasing Agents will ensure compliance with the following procedures for open market purchases:

1. All open market purchases shall, whenever feasible, be based on at least three (3) competitive bids, and shall be awarded to the lowest responsible bidder.
2. Newspaper advertising will not be necessary; however, the solicitation will be posted in the Purchasing Office.
3. Bids shall be solicited by:
 - a. Direct mail request to prospective vendors.
 - b. Telephone, fax or electronic mail notification by City or third party service provider.
4. Recording – A record will be maintained of all open market orders and the bids received, and such records shall be available for public inspection after opening.

F. Single Source Purchases

Purchases may be made from a single source under the following conditions:

1. When failure to receive the material or service by the required date will prolong an unsafe condition, adversely affect operation or cause a work stoppage.
2. A competitive procurement for identical items (within the last three (3) months) establishes that the supplier selected offers the best available price with reasonable delivery and service.
3. The material is an item of required design or is a proprietary or patented item available only from the patent holder or licensee such as the original

equipment manufacturer.

4. A reasonable attempt at competition has been unsuccessful.
5. Repair and overhaul work. The requestor, with approval of Purchasing, will be responsible for ensuring the repair costs are within the City's estimate and do not exceed the recommended percentage of replacement costs.6. A contract may be awarded for a supply, service or construction item without competition when the Director of Purchasing determines that there is only one source for the required service supply or construction item or negotiation where the procurement by competitive procedures is not feasible or practicable.
7. Awards in the amount of \$1,000 or less.
8. Full documentation of the reason for granting an award to a sole source vendor must be provided by the requester. In cases where either Items 3 or 5 above is the reason for the sole source, the documentation requirement may be satisfied by noting the justification either on the Purchasing Agent's telephone quote sheet or in the buyer's note section of the FOCIS requisition.

G. Use of Government Contracts

In accordance with the Purchasing Code, Chapter 7 of the City Code, the Director of Purchasing is granted the authority to purchase goods and services directly, without bids or quotes, from federal, state, county or city governments contracts or any other governmental agency or political subdivision contracts. The vendor(s) must agree to extend the same terms and conditions of the contract to the City and such purchases shall be subject to the approval levels stipulated in this Policy and Procedure.

The Purchasing Agent assigned to establish the contract or make the award must ensure the following documentation is maintained in the contract or purchase order file:

1. Copy of the contract being utilized.
2. Letter from each awardee (vendor) agreeing to the City's use of the contract under the same terms, conditions, and pricing.
3. Copy of contract exhibits (including pricing sheets) and any required insurance certificates and bonds.

H. Approval Authority

Approval authority purchasing transactions, including pro-card purchases, check requests, annual contract payments and purchase orders shall be as follows:

Up to \$1,000	-Procurement Cardholder
Up to \$5,000	-Senior Purchasing Agents -City Stores Supervisor -Fleet/Facilities Supply Supervisor - Fleet Supply Supervisor -Purchasing Agents
Up to \$10,000	-Materials Management Supervisor -Procurement Supervisor
Up to \$50,000	-Asst. Director of Purchasing & Materials Management -Director of Purchasing & Materials Management
Over \$50,000	-City Council

I. Purchase Order Procedures

When a requisition is entered (see Policies and Procedures 191.5), the FOCIS system automatically routes it to the appropriate Purchasing Agent) who initiates the following actions:

1. Check approved budget to insure item authorized as capital expenditure if applicable.
 2. Obtains quotes from vendors who can furnish the commodities and/or services and selects the one with the most favorable terms to the City in accordance with Section C of this procedure.
 3. Bid limits may be waived in case of extreme emergency or when it is determined by the Purchasing Director that it is either not practical or not advantageous to the City to conduct competitive bid or proposal procedures.
4. Finalization of Transaction:
- a. A computer generated purchase order is printed and checked to make certain that all addresses, terms, and conditions are stated clearly.
 - b. The printed purchase order is processed as follows:
 - (1) To Purchasing Agent for final review.
 - (2) To Director of Purchasing and Materials Management or his designee(s) for approval.
 - (3) Staff Assistant distributes purchase order copies as follows:
 - Original to vendor.
 - Copies to Accounting and Requestor.
5. Requestor
- a. The requestor shall monitor open purchase orders using the requisition status option on the system.
 - b. The requestor shall use its copy of the receiving list generated on the system weekly to maintain record of incoming shipments made against the purchase order.
 - c. In case of a large order which may have many items, the requestor may receive partial quantities on the system.
 - d. When items on purchase orders are received by the using unit, they are processed on the system as follows:
 - A copy of the invoice received in Accounting will be forwarded to the requesting unit.
 - On confirmation that delivery has been completed in accordance with the Purchase Order, a representative of the receiver will enter the receipt information into the system using the "Interactive Receiving" option.
 - Accounting processes the vendor's invoice for issuance of check to vendor.

:5. FORMS:
None.

:6. COMMITTEE RESPONSIBILITIES:
None.

:7. REFERENCE:
Code of the City of Orlando, Chapter 7. Procedure amended by City Council October 21, 1985,

Item 16, A-11; amended November 3, 1986, Item 17A-1; amended September 12, 1988, Item 18, A-21; amended January 22, 1990, Item 12A-26; amended March 26, 1990, Item 2A-34; amended April 6, 1992, Item 2(II); amended July 26, 1993, Item 5-SS; amended June 6, 1994, Item NNN; amended November 18, 1996, Item 6 Z; amended February 10, 1997, Item 7BB; amended June 9, 1997, Item 6MMM; amended August 17, 1998, Item 6Z; amended April 17, 2000, Item 3-D; amended June 12, 2000, Item 5-X; amended June 18, 2001, Item A-14; amended September 15, 2003; policy section # changed from 191.7, April 2004; amended August 29, 2005, Item A2; amended November 14, 2005, Item A4; amended January 9, 2006, Item A7; amended February 26, 2007, Item A5.

:8. EFFECTIVE DATE:

This procedure effective February 26, 2007.