

RESOLUTION 1322

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, REPEALING RESOLUTION 1066 AND ADOPTING NEW CONTRACTING AND PURCHASING POLICIES AND PROCEDURES

WHEREAS, state law authorizes each public agency the authority to establish certain purchasing and contracting procedures by way of resolution; and

WHEREAS, on January 23, 2017, the city council passed Resolution 1066, which established city council's contracting and purchasing procedures consistent with Washington law for consultant selection, the small works roster, the limited public works process, and cooperative purchasing agencies; and

WHEREAS, staff supports an update to the current contracting and purchasing policy since some of the procedures set forth in Resolution 1066 are no longer valid due to changes in other city policies and procedures, and due to changes in state laws; and

WHEREAS, staff proposes updated and separate Contracting Policy and Procedures and Purchasing Policy and Procedures separate purchasing to provide more clear direction to staff, which are intended to guide and assist city staff on requirements as set forth in council guidelines, the Gig Harbor Municipal Code, and Washington State statutes; and

WHEREAS, this resolution will provide the city with efficiencies while remaining in compliance with state law and within the limits of the city's adopted budget; and

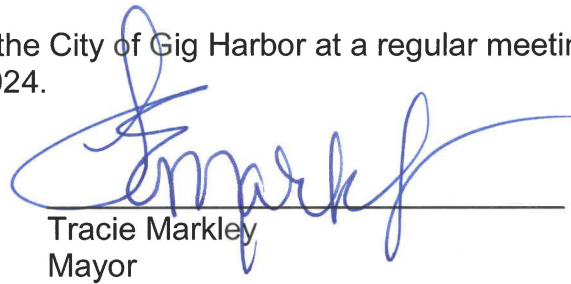
WHEREAS, at the September 12, 2024, study session staff presented these documents to council.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Gig Harbor:

Section 1. The city council hereby repeals Resolution 1066 and adopts the contracting policy and procedures and purchasing policy and procedures as set forth in Exhibits A and B, respectively.


Section 2. Effective Date. This resolution shall take effect on November 1, 2024.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof, held this 14th day of October, 2024.



Tracie Markley
Mayor

Attest:



Joshua Stecker
City Clerk



City of Gig Harbor

Contracting Policy and Procedures

November 1, 2024

Table of Contents

1.0 Purpose of the Policy	2
2.0 Definitions	2
3.0 General Provisions.....	4
3.1 Authorizations / Certifications	4
3.2 Code of Ethics / Conflicts of Interest.....	4
3.3 Contracting Limitations	5
3.4 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).....	6
3.5 Declaring an Emergency	7
4.0 Contracting for Professional Services	8
4.1 Consultants Roster for Professional Services	8
4.2 Request for Proposals (RFP).....	9
4.3 Request for Qualifications (RFQ).....	10
5.0 Contracting for Public Works	10
5.1 Formal Competitive Bids	12
5.2 Emergency Public Works Contracting	14
5.3 Public Works Projects and Prevailing Wage Laws	15
5.4 Certificates of Insurance.....	15
5.5 Retainage.....	15
5.6 Small Public Works Roster	16
6.0 Payment Processing	17

1.0 Purpose of the Policy

This Contracting Policy and Procedures is provided to guide and assist City of Gig Harbor ("City") staff on contracting requirements as set forth in the Gig Harbor Municipal Code and Washington State statutes. These may include public works contracting and contracting for professional services. Contracts that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200).

The Policy and Procedures establish guidelines and clarify procedures for contracting for services by the City of Gig Harbor. The procedures set forth in this manual are designed to ensure the City receives maximum value for each tax and utility dollar expended, assuring fiscal responsibility in the procurement process.

This edition of the Contracting Policy and Procedures is dated October 1, 2024, and supersedes all previous directives. All references to the Revised Code of Washington (RCW) and/or city ordinances shall be incorporated as part of this policy including all future amendments.

In cases where these policies conflict with any city ordinance or state or federal law or regulation, the terms of that law or regulation prevails. In all other cases, these policies apply.

2.0 Definitions

For the purpose of these procedures and the interpretation and enforcement thereof, the following words and phrases shall be defined in state and federal law. The definitions outlined below are for reference purposes only.

Public Work (RCW 39.04.010)

"Public Work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract, shall comply with chapter 39.12 RCW.

Prevailing Rate of Wage (RCW 39.12.010)

1) The "prevailing rate of wage" is the rate of hourly wage, usual benefits, and overtime paid in the locality, as hereinafter defined, to the majority of workers, laborers, or mechanics, in the same trade or occupation. In the event that there is not a majority in the same trade or occupation paid at the same rate, then the average rate of hourly wage and overtime paid to such laborers, workers, or mechanics in the same trade or occupation is the prevailing rate. If the wage paid by any contractor or subcontractor to laborers, workers, or mechanics on any public work is based on some period of time other than an hour, the hourly wage is mathematically determined by the number of hours worked in such period of time.

(2) The "locality" is the largest city in the county wherein the physical work is being performed.

(3) The "usual benefits" includes the amount of:

(a) The rate of contribution irrevocably made by a contractor or subcontractor to a trustee or to a third person pursuant to a fund, plan, or program; and

(b) The rate of costs to the contractor or subcontractor, which may be reasonably anticipated in providing benefits to workers, laborers, and mechanics pursuant to an enforceable commitment to carry out a financially responsible plan or program which was communicated in writing to the workers, laborers, and mechanics affected, for medical or hospital care, pensions on retirement or death, compensation for injuries or illness resulting from occupational activity, or insurance to provide any of the foregoing, for unemployment benefits, life insurance, disability and sickness insurance, or accident insurance, for vacation and holiday pay, for defraying costs of apprenticeship or other similar programs, or for other bona fide fringe benefits, but only where the contractor or subcontractor is not required by other federal, state, or local law to provide any of such benefits.

(4) An "interested party" includes a contractor, subcontractor, an employee of a contractor or subcontractor, an organization whose members' wages, benefits, and conditions of employment are affected by this chapter, and the director of labor and industries or the director's designee.

(5) An "inadvertent filing or reporting error" is a mistake and is made notwithstanding the use of due care by the contractor, subcontractor, or employer. An inadvertent filing or reporting error includes a contractor who, in good faith, relies on a written determination provided by the department of labor and industries and pays its workers, laborers, and mechanics accordingly, but is later found to have not paid the proper prevailing wage rate.

(6) "Unpaid prevailing wages" or "unpaid wages" means the employer fails to pay all the prevailing rate of wages owed for any workweek by the regularly established pay day for the period in which the workweek ends. Every employer must pay all wages, other than usual benefits, owing to its employees not less than once a month. Every employer must pay all usual benefits owing to its employees by the regularly established deadline for those benefits.

(7) "Rate of contribution" means the effective annual rate of usual benefit contributions for all hours, public and private, worked during the year by an employee (commonly referred to as "annualization" of benefits). The only exemption to the annualization requirements is for defined contribution pension plans that have immediate participation and vesting.

Emergency (RCW 39.04.280)

"Emergency" means unforeseen circumstances beyond the control of the municipality 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.

MRSC

The Municipal Research and Services Center (MRSC) is a nonprofit organization that helps local governments across Washington State better serve their residents by providing legal and policy guidance on any topic. MRSC can be accessed by phone (800-933-6772), mail (2601 4th Avenue, Suite 800, Seattle WA 98121), or internet (www.mrsc.org).

3.0 General Provisions

3.1 Authorizations / Certifications

Only authorized employees acting within the scope of their authority may obligate the City of Gig Harbor in the contracting for goods and services. Any employee contracting on behalf of the City without proper authorization may be personally liable to the contractor and/or the City and subject to disciplinary action.

The Gig Harbor City Council hereby adopts the project thresholds, contract processes, and contract authorizations set forth in Appendix I, provided the project is identified in the current city budget and the contract procurement does not exceed the amount identified in the current city budget. All other contract procurements must be presented to the city council for award and authorization.

3.2 Code of Ethics / Conflicts of Interest

The public must have confidence in the integrity of its government. A code of ethics must apply and give guidance to all employees and elected officials so that they may conduct themselves in a manner which will be compatible with the best interests of themselves and the City of Gig Harbor.

Proper operation of the City's contracting program requires observation of the following ethical standards:

- Actions of city employees will be impartial and fair.
- Government decisions and policies will be made in the proper channels of government structure.
- Public employment must not be used for personal gain.
- The City of Gig Harbor will not accept donations of materials or services in return for a commitment to continue to initiate a contracting relationship.
- City employees may neither solicit, accept, nor agree to accept any gratuity for themselves, their families, or other that results in their personal gain which may affect their impartiality in making decisions on the job.

The following are examples of items not considered gratuities:

- Discounts or concessions realistically available to the general population.
- Items received that do not result in personal gain.

- Samples used for general use by city staff.

No city employee may participate in the selection, award, or administration of a contract which would result in a real or apparent conflict of interest.

3.3 Contracting Limitations

- a) Expenditures must have budget capacity or appropriation.
- b) Contracting limitations apply to the aggregate cost of individual contracts, whether executed individually or over a series of contracts. Cost is inclusive of sales tax and any related miscellaneous charges.
- c) See Table 1 and Table 2 for contracting amount thresholds and authorities.

Change Orders. Change orders which fall within council approved scope, project budget, and project contingency may be executed by the mayor or the designee approved by council. Change orders which would change the scope of the project and/or exceed the city council approved project budget and council approved project contingency would require additional council action.

In the event of an emergency or the need to take immediate or expeditious action necessary to protect or maintain the public health, safety, or welfare, or to prevent damage to public property, and with approval of the mayor, the city administrator is authorized to enact change orders in excess of the legally authorized expenditure level. The city administrator shall timely report such actions to the city council.

Sustainable Contracting. The City shall contract for goods and services in a manner that complies with all federal, state, and city laws, and any other applicable requirements. The City shall contract for, and use, materials, products, and services which are fiscally responsible, reduce resource consumption and waste, perform adequately, promote opportunities to lesser-advantaged segments of our community, and promote human health and well-being when possible.

Environmental factors to consider in selecting products include:

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs)
- Waste generation
- Greenhouse gas emissions
- Recycled content
- Energy consumption
- Depletion of natural resources
- Potential impact on human health and the environment

Social equity factors that should be included, but are not limited to:

- Use of local businesses
- Use of small, minority, and women-owned businesses
- Ergonomic and human health impacts

Fiscal factors to be considered include, but are not limited to:

- Lowest total cost
- Leveraging the City's buying power
- Impact on staff time and labor
- Long-term financial/market changes
- Technological advances in a rapidly changing market

3.4 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)

When the City contemplates applying for federal grants or loans, the City must consider the additional burden the use of federal funds will have on a project. This burden typically requires the City to meet statutes to only buy products made in the United States of America and to have federally certified city staff or hire a consultant that performs these duties in lieu of city staff. These additional burdens often cost the City 20% or more of the non-federally funded price. Therefore, the City should apply for federal funds on a limited basis and only when city staff can support the federal processes.

For contracts that involve federal funding, the City will follow the "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance) published in Title 2 of the Code of Federal Regulations (2 CFR 200). All grants are different. Whether funding is city, state, or federal, the City is required to follow the most restrictive regulations.

The City will continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

Internal Controls. The City will maintain effective internal control over federal awards that reduce the risk of fraud and provide for reasonable assurance that federal awards are being managed in compliance with all federal statutes and regulations, and with the terms and conditions of the award.

- Verify and document that contractors are not suspended or debarred from doing business with the federal government.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive.

Allowable Costs. Federal awards will meet the following general criteria to be considered allowable costs, except where otherwise authorized by statute:

- a) Be necessary and reasonable for the performance of the federal award.

- b) Conform to any limitations or exclusions set forth in these principles or in the federal award.
- c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the City.
- d) Be accorded consistent treatment. A cost may not be assigned to federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- e) Be determined in accordance with generally accepted accounting principles (GAAP).
- f) Not be included as cost or used to meet cost sharing or matching requirements of any other federally financed program in either current or prior period.
- g) Be adequately documented.

Certs and Assurances. For federally funded contracts, to assure that expenditures are proper and in accordance with the terms and conditions of the federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreement must include a certification, signed by an official who is authorized to legally bind the City of Gig Harbor, which reads as follows:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise. (US Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812.)”

Single Audit Act. The City of Gig Harbor, as a recipient of federal funds, shall adhere to the federal regulations outlined in 2 CFR 200.501 as well as all applicable federal and state statutes and regulations.

Closure. A project agreement end date will be established in accordance with 2 CFR 200.309. Any costs incurred after the project agreement end date are not eligible for federal reimbursement.

3.5 Declaring an Emergency

Emergency contracting occurs when an emergency situation arises that was unforeseen and must be remedied immediately. In the event of an emergency, the city council designates the city administrator to act with regard to the subject matter of these procedures, and the city administrator may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary contracts on behalf of the City to address the emergency situation. If a contract is awarded without competitive

bidding due to an emergency, a written finding of the existence of an emergency must be made by the city council in a resolution no later than three weeks following the award of the contract.

4.0 Contracting for Professional Services

Table 1. Professional Services Contracting Requirements and Authorizations

Type of Services	Process	Other Requirements	Authorization
Architectural, Land Surveying, and Engineering Services	Request for Qualifications or MRSC Roster	Publication of RFQ Must evaluate on performance and qualifications only Negotiate contract after selection	Must be budgeted Executed by department director or designee if \$15,000 or less Under \$150,000: Executed by mayor or city administrator \$150,000 and above: Authorized by city council
All other services	No state law required process	Professional Services Contract required	Must be budgeted Executed by department director or designee if \$15,000 or less Under \$150,000: Executed by mayor or city administrator \$150,000 and above: Authorized by city council

4.1 Consultants Roster for Professional Services

Professional services, also known as consulting services, are those services involving specialized skill, education, and knowledge. These services include, but are not limited to, architectural, engineering, design services, accounting, art, bond brokerage, insurance brokerage, legal, real estate appraisal, relocation assistance, title abstracts, surveying, soils analysis, and core testing. Procurement of professional and personal services will be in accordance with chapter 39.80 RCW and chapter 39.29 RCW. The City may utilize MRSC Rosters for selection of consultant services.

The mayor, city administrator, and department directors are authorized to extend the duration of professional service contracts where no additional expenditure is required for contract completion.

MSRC Consulting Services Roster Publication. At least once a year, on behalf of the City, MRSC will publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the consulting services roster or rosters and solicit statements of qualifications from firms providing consulting services. Such advertisements will include information confirming that the City is a member of the MRSC Rosters Program. Firms or persons providing consulting services should contact MRSC Rosters directly via the MRSC Roster's website to apply to join MRSC Rosters. The City may require master contracts to be signed that become effective when a specific award is made using a consulting services roster.

Architectural, Engineering, and Design Services. State statutes require advance notice of the requirement for architectural, engineering and design services, evaluation of firms' qualifications and performance, and negotiation with firms in accordance with adjudged qualifications. As such, the MRSC Rosters will distinguish between professional architectural and engineering services as defined in RCW 39.80.020 and other consulting services and will announce generally to the public the City's projected requirements for any category or type of professional or other consulting services. The City reserves the right to publish an announcement on each occasion when professional services are required and to use paper and/or other electronic rosters that may be kept on file by appropriate city departments. Other requirements to meet federal grants may be imposed as required by each grant.

All Other Services. A competitive process is not required for professional or personal services, other than architectural, engineering, and design services. Contracting for professional services requires completion of a city professional services contract that describes services to be performed and negotiated price. Prior experience with the City of Gig Harbor, time frame for completing projects, and the value of a negotiated agreement will be considered when awarding a consultant/firm to perform professional services, as defined in this section. Professional and technical services include disciplines such as attorneys, computer programmers, financial analysts, bond counsels, artists, planners, and real estate appraisers.

4.2 Request for Proposals (RFP)

A Request for Proposal (RFP) is a method of soliciting competitive proposals for a defined scope of work. The proposals would normally include factors to measure qualifications, delivery, and service reputation, as well as price.

Simply put, an RFP is a formal invitation from the City of Gig Harbor to a company to submit an offer. The offer is to provide a solution (or proposal) to the need identified by the City. An RFP is a solicitation process whereby the judgment of the supplier's experience, qualifications, and solution may take precedence over their cost proposal.

Elements of an RFP:

1. Project Background and Scope of Work/Services
2. Definitions
3. Minimum Qualifications
4. Technical Requirements (if any)
5. Schedule
6. Cost Proposal
7. Submittal Requirements
8. Evaluation Process and Criteria
9. Insurance Requirements
10. Funding Sources (if applicable)

4.3 Request for Qualifications (RFQ)

A Request for Qualifications (RFQ) is a method of soliciting competitive proposals that considers and evaluates vendors on the basis of demonstrated competency and qualification, rather than price. This process is typically used for architectural and engineering services where price is not a consideration. An RFQ will generally result in negotiations.

Elements of an RFQ:

1. Project Background and Scope of Services
2. Project Budget and Source of Funding
3. Schedule
4. Minimum Qualifications
5. Submittal Requirements
6. Selection Process / Evaluation Criteria

5.0 Contracting for Public Works

Table 2. Small Public Works and Public Works Contracting Requirements and Authorizations

Type of Purchase	Process	Other Requirements	Authorization
Public Works - Projects costing over the threshold for Small Public Works	Formal competitive bid process	Prevailing wage Insurance Contract Performance & Payment Bond Bid bond/deposit Retainage	Must be budgeted Authorized by city council
Small Public Works – Projects within the	Invite quotes from all on MRSC Small	Prevailing wage Insurance Contract	Must be budgeted

cost limits allowed by state law	Works Roster category	Performance & Payment Bond Retainage may be reduced or waived	Executed by department director or designee if \$15,000 or less Under \$150,000: Executed by mayor or city administrator \$150,000 and above: Authorized by city council
Small Public Works – Projects costing between \$15,000 - \$150,000	Invite quotes from all on MRSC Small Works Roster category Or Contract through direct negotiation with equitable distribution	Prevailing wage Insurance Contract Performance & Payment Bond (optional) Allow 10% retainage in lieu of bonds	Must be budgeted Executed by department director or designee if \$15,000 or less Under \$150,000: Executed by mayor or city administrator \$150,000 and above: Authorized by city council
Public Works – Projects costing between \$2,500 - \$15,000	Invite quotes from all on MRSC Small Works Roster category	Prevailing wage Insurance Contract Performance & Payment Bond (optional) Allow 10% retainage in lieu of bonds	Must be budgeted Executed by mayor or city administrator
Public Works – Projects costing less than \$2,500	Solicit quotes	Prevailing wage No contract required	Must be budgeted Executed by department director or designee
Projects with costs less than \$75,500 for single trade, or \$150,000 for multiple trades	Day labor may be used for single or multiple crafts Current employees allowed to perform work under \$300,000 in value if doing so is accepted industry practice under prudent utility management	Prevailing wage	Must be budgeted Executed by mayor or city administrator

--	--	--	--

5.1 Formal Competitive Bids

The City of Gig Harbor may construct any public work by contract or day labor without calling for bids when the estimated cost of the work or improvement, including cost of materials, supplies, and equipment, will not exceed the limits set forth in Table 2 above. Whenever the cost of the public work or improvement is anticipated to exceed these figures, the project shall be done by contract, provided the City may let contracts using the small works roster process.

The preparation of plans and/or specifications and an estimate of project cost shall be authorized by the mayor or designee for projects up to \$35,000 and by the city council for larger projects.

Sealed bids are required whenever the estimated cost of a public works project exceeds the threshold identified in Table 2 above. The following shall apply for public works contracts, except as otherwise noted:

- To ensure consistency and fair process, the City will use standard forms, documents, contracts, and terms and conditions, when practical. The City may use an evaluation selection committee to promote an open, proper selection.
- Minimum qualifications and/or specifications are stated to ensure bids address the needs of the City. Minimum qualifications cannot be used to eliminate qualified contractors and vendors. Minimum qualifications should be tested against the marketplace to ensure they aren't overly restrictive.
- When practical for public works contracts, the City will conduct a pre-bid conference to allow a thorough discussion of the City's intent, scope, specifications, and terms. Interested companies should be encouraged to attend.
- While selection of a winning offer is based primarily on the lowest responsive bid, quality and expertise may be a consideration to the extent legally permissible.

Cost Estimates. The total construction cost of each project must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. This estimate may be prepared by an outside third party, however the final cost estimate must be validated by the City. The total construction cost (estimated as if the project were to be bid) is used to make that determination. The estimate shall include materials, supplies, equipment, and labor on the construction of that project and applicable sales and use taxes. However, the value of volunteer labor, material, or equipment need not be included in the cost estimate for a public works project, as these are not a cost to the agency. For any project completed by any means or method other than a contract, such as using city workers, and the estimated cost will exceed \$25,000,

the City must publish a description of the project and its estimated cost in the official newspaper at least 15 days before beginning work as required by RCW 39.04.020.

Rule 171 – Sales Tax Exemptions. Normally sales tax applies to every sale of tangible personal property (and some services) to all persons, including cities. Thus, for bid limit purposes, the tax must be included when determining the cost of a public work, or when calculating the cost of materials, supplies, and equipment purchases separately from a public work.

However, there are some sales and use tax exemptions for certain public works projects. The exemptions include:

1. Labor and services rendered for the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a city or town which is used primarily for pedestrian or vehicle traffic (RCW82.04.050(10).
2. Labor and services for the processing and handling of sand, gravel, and rock taken from city pits and quarries when the materials are for publicly owned road projects.

Breaking Down or Bid-Splitting. The breaking of any project into units or phases for the purpose of avoiding the maximum dollar amount of a contract is prohibited.

Bid Process.

1. **Define the Need.** Requesting department director shall determine the type of procurement and evaluate budget capacity.
2. **Request Authorization.** Depending on the project type and estimated cost, the requesting department director must request authorization from the city administrator to call for bids.
3. **Publication of Notice.** After proper authorization, the requesting department director (or designee) will publish the call for bids in the official newspaper or a newspaper of general circulation most likely to bring responsive bids and ensure notice is posted on the city webpage at least 13 days prior to bid submittal deadline.
4. **Notice Contents for Public Works Contracts.** Notice or advertisements for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice must include:
 - a. Project title.
 - b. Nature and scope of work.
 - c. Where contract documents (plans and specifications) can be reviewed or obtained.
 - d. Cost to obtain a set of contract documents.

- e. Place, date, and time that bids are due.
- f. Place, date, and time that bids will be opened.
- g. Statement that a bid bond must accompany the bid.
- h. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bids and/or bidding process.
- i. Statement that the contract involves “public work” and that workers shall receive the prevailing rate of wage pursuant to the Prevailing Wages on Public Works Act (RCW 39.12).
- j. List of the applicable prevailing wage rates or prevailing wage statement.
- k. Statement that the City is an equal opportunity employer and invites responsive bids from all qualified responsible bidders.
- l. The materials and equipment to be furnished, if any.

Bid Opening. Bids are submitted to the responsible department director or designee, where they are time and date stamped and processed. The bids shall be opened at the time and place specified in the advertisement for bids.

- **Report on Bids:** The responsible department director or designee will prepare a report and recommendation on all bids received to the decision maker with the authority to approve the contract.
- **Bid Award:** The City shall award the contract to the lowest responsible bidder or shall have power by council resolution to reject any or all bids and to make further calls for bids in the same manner as the original call.

Determining Lowest Responsible Bidder; Rejection of Bids. The City must award the contract for the public works project to the lowest responsible bidder provided that, whenever there is a reason to believe that the lowest acceptable bid is not the best price obtainable, all bids may be rejected and the governing body may call for new bids. In addition, the City must ensure that contracts are awarded to a contractor who meets the mandatory bidder responsibility criteria in RCW 39.04.350(1) and supplementary criteria as noted in the contract documents.

5.2 Emergency Public Works Contracting

As provided in RCW 39.04.280, competitive bidding requirements may be waived by the City in the event of an emergency provided the following process is followed:

- In the event of an emergency, the Gig Harbor City Council designates the city administrator to act with regard to the subject matter of these procedures, and the city administrator may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary purchases on behalf of the City to address the emergency situation.

- If an agreement is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the city council in a resolution no later than three weeks following the award of the agreement.

5.3 Public Works Projects and Prevailing Wage Laws

Public works projects, including maintenance when performed by contract, are governed by RCW 39.12 Prevailing Wages on Public Works requirements, regardless of contract amount. The Department of Labor and Industries requires that workers be paid prevailing wages when employed on all public works, public building service maintenance, and contracted maintenance, based upon the classification of labor performed. It is the responsibility of the contracting employee to notify the vendor of prevailing wage requirements. Per RCW 39.12.030 all bid specifications and contracts shall include a list of the applicable wage rates.

5.4 Certificates of Insurance

If required, contractors must furnish the City with a Certificate of Insurance, naming the City of Gig Harbor as primary and noncontributory additional insureds with an additional attached endorsement. Contact the Finance Department to discuss insurance requirements and limits of coverage according to determination of risk. Risk Management Services Agency (RMSA) should review and approve submitted insurance limits of coverage.

5.5 Retainage

According to RCW 60.28.001(1) "Public improvement contracts shall provide, and public bodies shall reserve, a contract retainage not to exceed five percent of the moneys earned as a trust fund for the protection and payment of: (a) the claims of any person arising under the contract; and (b) the state with respect to taxes imposed pursuant to Titles 50 (Employment Security Department), Title 51 (Labor and Industries), and Title 82 (Department of Revenue)."

The contractor may select from one of three options for managing retainage:

1. Retainage Bond: In lieu of earned retained funds, the contractor will provide a Retainage Bond on the City of Gig Harbor's standard Retainage Bond form from an authorized surety insurer.
2. Savings Account: The City of Gig Harbor will place the retained funds in a separate interest-bearing account.
3. Escrow/Investment: The City of Gig Harbor will place the retained funds in escrow with a bank or trust company in accordance with the City's standard Escrow Agreement form. Any interest earned will be paid to the contractor.

All contractors subject to retainage withholding must complete the Retainage Investment form. If the escrow option is selected, the senior accountant in the Finance Department must be immediately notified for the purpose of executing an Escrow Agreement. As an alternative, a contractor may submit a retainage bond for all of any portion of the contract retainage on the City's standard Retainage Bond form by an authorized surety insurer as described in RCW 60.28.011.

After final acceptance of the project, if retainage is held by the City, it may be released after all release notifications have been received by the Department of Revenue, Department of Labor and Industries, and the Department of Employment Security. Upon receipt of all releases, the contract manager shall notify the senior accountant in the Finance Department to release the funds.

5.6 Small Public Works Roster

RCW 39.04 provides uniform small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property. The Small Works Roster maintained by the Municipal Research and Services Center (MRSC) allows the City to evaluate the professional qualifications on file when a proposed project is scheduled. Use of the Small Works Roster allows the City to preclude the advertisement requirements of the formal competitive process.

The following small works roster procedures are established for use by the City pursuant to RCW 39.04.152:

Small Works Cost Thresholds. The City need not comply with formal sealed bidding procedures for the construction, building, renovation, remodeling, alteration, repair, or improvement of real property where the estimated cost does not exceed the amount allowed by state law, which includes the costs of labor, material, equipment, and sales and/or use taxes as applicable. Instead, the City may use the small works roster procedures for public works projects as set forth herein.

Informal, Telephone or Written Quotations

- (1) The City must obtain telephone, written, or electronic quotations for public works contracts from contractors on the appropriate small works roster to assure that a competitive price is established and must award the contract to the lowest responsible bidder.
- (2) A contract awarded from a small works roster need not be advertised. Invitations for quotations must include an estimate of the scope and nature of the work to be performed, as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation.
- (3) Quotations may be invited from all contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five 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 equally

distribute the opportunity among the contractors on the appropriate roster.

“Equitably distribute” means that the City may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services.

- (4) If the estimated cost of the work less than \$150,000, the City may contract through direct negotiation with equitable distribution but must notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The City has the sole option of determining whether this notice to the remaining contractors is made by:
 - a. Publishing notice in a legal newspaper in general circulation in the area where the work is to be done; or
 - b. Mailing a notice to these contractors; or
 - c. Sending a notice to these contractors by facsimile or email.
- (5) At the time the bids are solicited, the city representative must not inform a contractor of the terms or amount of any other contractor’s bid for the same project.
- (6) A written record must be made by the city representative of each contractor’s bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained must be recorded, open to public inspection, and available by telephone inquiry.

Small Works Roster Reporting. Pursuant to RCW 39.04.200, the City must maintain a list of all contracts awarded using the Small Works Roster. This list will be updated at least once every year and be posted on the city’s website. This list will contain the following information:

- Name of successful contractor.
- Contract amount.
- Brief description of the type of work performed.
- Award date.
- Location where bid quotations for contracts are available for public inspection.

6.0 Payment Processing

Original invoices that are received by accounts payable will be date-stamped and routed to department heads upon receipt. Other invoices may be received directly by the department head or other staff, such as when items are picked up at will-call or services are performed on-site. An accounts payable payment voucher with account code is created by a finance technician and attached to the invoice for processing. All vouchers must be signed and approved by the appropriate department head. For all invoices, department heads or designees will verify that the invoiced items have been received and that the invoiced amount is correct.

The accounts payable original invoices should include the correct account coding and have a required authorized approval signature added. The approval invoice will be

routed to accounts payable for payment. Packing slips are routed to accounts payable to be matched with invoices. Once verified and approved, accounts payable processes the check run. There are two accounts payable check cycles scheduled each month, generally the second and fourth Mondays of each month to coincide with council meetings, unless the date falls on a holiday.

The finance director or designee audits the bills prior to city council meetings ensuring the correct coding of bills, authorization approvals, and proper documentation prior to council approval. The finance director or designee approval is required before invoices can be paid.

Approvals. Vendor invoices shall be signed for approval by the department head or designee. Reimbursements payable to city employees shall be signed for approval as follows:

- Council – approved by the mayor, city administrator, or designee
- Mayor – approved by the city administrator or designee
- City Administrator – approved by the mayor or designee
- Department Director – approved by the city administrator or designee
- Other employees – approved by the direct supervisor, department director, or designee

Employees may not approve their own reimbursement.

Hand-issued Checks. Departments should avoid requests for hand-issued checks by submitting approved invoices to accounts payable as soon as invoices are received. If extenuating circumstances exist, a check may be hand-issued to avoid incurring interest, penalties, and late charges. Submit requests for hand-issued checks to the Finance Department. Manual checks must be pre-approved by the finance director.



City of Gig Harbor

Purchasing Policy and Procedures

November 1, 2024

Table of Contents

1.0 Purpose of the Policy	2
2.0 Definitions	2
3.0 General Provisions.....	3
3.1 Authorizations / Certifications	3
3.2 Code of Ethics / Conflicts of Interest.....	3
3.3 Purchasing Limitations	4
3.4 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200).....	4
3.5 Declaring an Emergency	6
4.0 Purchasing Materials, Supplies, and Equipment.....	7
4.1 MRSC Vendor Roster.....	7
4.2 Interlocal Cooperative Purchasing Agreements	8
4.3 Formal Competitive Bids	9
4.4 Exemptions to Competitive Bidding Requirements	10
4.5 Leases of Personal or Real Property	12
5.0 Payment Processing	12
5.1 Accounts Payable.....	12
5.2 Purchasing Cards.....	13

1.0 Purpose of the Policy

The Purchasing Policy and Procedures is intended to guide and assist City of Gig Harbor ("City") staff on basic purchasing, including purchase orders, purchase agreements, services, and vendor procurement requirements as set forth in the Gig Harbor Municipal Code and Washington State statutes. Purchases that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200).

This policy establishes guidelines and clarifies procedures for purchasing materials, supplies, and equipment by the City of Gig Harbor. The procedures set forth herein are designed to ensure the City receives maximum value for each tax and utility dollar expended, assuring fiscal responsibility in the procurement process.

This edition of the Purchasing Policy and Procedures is dated October 1, 2024, and supersedes all purchasing directives. All references to the Revised Code of Washington (RCW) and/or city ordinances shall be incorporated as part of this policy including all future amendments. All references to contracting or Public Work shall refer to the city's Contracting Policy and Procedures.

In cases where these policies conflict with any city ordinance or state or federal law or regulation, the terms of that law or regulation prevails. In all other cases, these policies apply.

2.0 Definitions

For the purpose of these procedures and the interpretation and enforcement thereof, the following words and phrases shall be defined in state and federal law. The definitions outlined below are for reference purposes only.

Public Work (RCW 39.04.010)

"Public Work" means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or any municipality, or which is by law a lien or charge on any property therein. All public works, including maintenance when performed by contract, shall comply with chapter 39.12 RCW.

Emergency (RCW 39.04.280)

"Emergency" means unforeseen circumstances beyond the control of the municipality 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.

MRSC

The Municipal Research and Services Center (MRSC) is a nonprofit organization that helps local governments across Washington State better serve their residents by providing legal and policy guidance on any topic. MRSC can be accessed by phone (800-933-6772), mail (2601 4th Avenue, Suite 800, Seattle WA 98121), or internet (www.mrsc.org).

3.0 General Provisions

3.1 Authorizations / Certifications

Only authorized employees acting within the scope of their authority may obligate the City of Gig Harbor in the acquisition of goods and services. Any employee purchasing goods on behalf of the City without proper authorization may be personally liable to the vendor and/or the City and subject to disciplinary action.

3.2 Code of Ethics / Conflicts of Interest

The public must have confidence in the integrity of its government. The purpose of this code of ethics is to apply and give guidance to all employees and elected officials so that they may conduct themselves in a manner which will be compatible with the best interests of themselves and the City of Gig Harbor.

Proper operation of the City's purchasing program requires observation of the following ethical standards:

- Actions of city employees will be impartial and fair.
- Government decisions and policies will be made in the proper channels of government structure.
- Public employment must not be used for personal gain.
- The City of Gig Harbor will not accept donations of materials or services in return for a commitment to continue to initiate a purchasing relationship.
- City employees may neither solicit, accept, nor agree to accept any gratuity for themselves, their families, or other that results in their personal gain which may affect their impartiality in making decisions on the job.

The following are examples of items not considered gratuities:

- Discounts or concessions realistically available to the general population.
- Items received that do not result in personal gain.
- Samples used for general use by city staff.

No city employee may participate in the selection or award of a purchase which would result in a real or apparent conflict of interest.

3.3 Purchasing Limitations

- a) Expenditures must have budget capacity or appropriation.
- b) Purchase limitations apply to the aggregate cost of individual items, whether purchased in one order or over a series of orders. Cost is inclusive of sales tax, use tax, delivery charges, and any related miscellaneous charges.
- c) See Table 1 for purchasing amount thresholds and authorities.

Sustainable Purchasing. The City of Gig Harbor shall acquire its goods and services in a manner that complies with all federal, state, and city laws, and any other applicable requirements. The City shall purchase and use materials, products, and services which are fiscally responsible, reduce resource consumption and waste, perform adequately, promote opportunities to lesser-advantaged segments of our community, and promote human health and well-being when possible.

Environmental factors to consider in selecting products include:

- Pollutant releases, especially persistent bio-accumulative toxins (PBTs)
- Waste generation
- Greenhouse gas emissions
- Recycled content
- Energy consumption
- Depletion of natural resources
- Potential impact on human health and the environment

Social equity factors that should be included, but are not limited to:

- Use of local businesses
- Use of small, minority, and women-owned businesses
- Ergonomic and human health impacts

Fiscal factors to be considered include, but are not limited to:

- Lowest total cost
- Leveraging the City's buying power
- Impact on staff time and labor
- Long-term financial/market changes
- Technological advances in a rapidly changing market

3.4 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)

For procurement of goods and services that involve federal funding, the City of Gig Harbor will follow the "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance) published in Title 2 of the Code of Federal Regulations (2 CFR 200) specifically 2 CFR 200.318 through 200.326. All grants are different. Whether funding is city, state, or federal, the City is required to follow the most restrictive regulations.

The City will monitor procurements to avoid duplicative purchases and exhaust all mandated sources before soliciting new sources. The City will also continue to enter into inter-entity agreements to realize cost savings for shared goods and services when possible.

Internal Controls. The City will maintain effective internal control over federal awards that reduce the risk of fraud and provide for reasonable assurance that federal awards are being managed in compliance with all federal statutes and regulations, and with the terms and conditions of the award.

- Verify and document that vendors are not suspended or debarred from doing business with the federal government.
- Take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive.

Allowable Costs. Federal awards will meet the following general criteria to be considered allowable costs, except where otherwise authorized by statute:

- a) Be necessary and reasonable for the performance of the federal award.
- b) Conform to any limitations or exclusions set forth in these principles or in the federal award.
- c) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the City.
- d) Be accorded consistent treatment. A cost may not be assigned to federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- e) Be determined in accordance with generally accepted accounting principles (GAAP).
- f) Not be included as cost or used to meet cost sharing or matching requirements of any other federally financed program in either current or prior period.
- g) Be adequately documented.

Certifications and Assurances. For federally funded purchases, to assure that expenditures are proper and in accordance with the terms and conditions of the federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreement must include a certification, signed by an official who is authorized to legally bind the City of Gig Harbor, which reads as follows:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent

information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise. (US Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812.)”

Single Audit Act. The City of Gig Harbor, as a recipient of federal funds, shall adhere to the federal regulations outlined in 2 CFR 200.501 as well as all applicable federal and state statutes and regulations.

Closure. A project agreement end date will be established in accordance with 2 CFR 200.309. Any costs incurred after the project agreement end date are not eligible for federal reimbursement.

3.5 Declaring an Emergency

Emergency purchases occur when an emergency situation arises that was unforeseen and must be remedied immediately. In the event of an emergency, the city council designates the city administrator to act with regard to the subject matter of these procedures, and he or she may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary purchases on behalf of the City to address the emergency situation. If a purchase is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the city council in a resolution no later than three weeks following the award of the purchase.

4.0 Purchasing Materials, Supplies, and Equipment

Table 1: Purchasing Processes and Authorizations

Type of Purchase	Process	Other Requirements	Authorization
Items costing under \$1,000	No formal process required		Must be budgeted Executed by department director or designee
Items costing \$1,000-\$7,500	Informal quotes; formal competitive bid process; Interlocal Cooperative Purchase Agreements; or MRSC vendor roster	Contact at least three vendors for written quotes if using informal quotes or MRSC roster	Must be budgeted Executed by department director or designee
Items costing \$7,500-\$15,000	Must use formal competitive bid process, Interlocal Cooperative Purchase Agreements, or MRSC vendor roster	Contact at least three vendors for written quotes if using MRSC roster	Must be budgeted Executed by department director or designee
Items costing \$15,000 and above	Must use formal competitive bid process, or Interlocal Cooperative Purchase Agreements		Must be budgeted Under \$100,000: Executed by city administrator or mayor \$100,000 and above: Authorized by city council

4.1 MRSC Vendor Roster

As provided by Washington law and a contract between the City of Gig Harbor and Municipal Research and Services Center ("MRSC"), the City may use the MRSC vendor roster for the purchase of materials, supplies, or equipment within the estimated purchase amount set forth in Table 1. In addition, paper and/or electronic rosters may be kept on file by appropriate city departments. Nothing in these procedures prevents the City from advertising for any vendors without use of the MRSC roster. At least once a year, on behalf of the City, MRSC will publish in a newspaper of general circulation within the general jurisdiction a notice of the existence of a vendor roster. Responsible businesses will be added to appropriate MRSC roster(s) any time they submit a written request and necessary records.

Informal, Telephone, and Written Quotes. The City of Gig Harbor will observe the following process to obtain telephone or written quotes from vendors for the purchase of materials, supplies, or equipment within the estimated purchase amount set forth in Table 1.

- A written description will be drafted of the specific materials, supplies, and equipment to be purchased, including the number, quality, quantity, and type desired, the proposed delivery date, and any other significant terms of purchase; and
- A city representative will make a good faith effort to contact at least three of the vendors on the roster established above, provide the written description, and obtain quotes from the vendors on the required materials, equipment, or supplies; and
- At the time such quotes are solicited, the city representative will not inform a vendor of any other vendor's quote on the materials, supplies, or equipment; and
- A written record will be made by the city representative of each vendor's quote on the materials, supplies, and equipment purchased, and of any conditions imposed on each vendor; and
- All quotes will be collected and presented for consideration and determination of the lowest responsible bidder and award of the purchase.

Sales Tax, Shipping, and Freight. Sales and use tax must be included when determining the cost of purchased materials, supplies, and equipment. When purchasing items that will incur freight charges, the City shall request the items be shipped Free on Board (FOB) Destination, with the freight prepaid.

4.2 Interlocal Cooperative Purchasing Agreements

The City of Gig Harbor may enter into Interlocal Agreements with other public agencies similarly authorized under RCW 39.34.030. This includes units of local government outside Washington State. State law in regard to competitive bidding shall govern any cooperative purchasing agreement. The competitive bid process of the original jurisdiction may substitute for the City's if consistent with the bidding laws that apply to the City of Gig Harbor. The other government's bid process must have been conducted within the previous 24-month period to be valid for use by the City.

In addition, "piggybacking" on other jurisdiction bids requires an Interlocal Agreement, therefore the City must conduct a screening process whereby it can justify the purchase through an Interlocal Agreement. The screening process and results must be clearly documented in writing. All interlocal cooperative purchasing agreements shall be presented to council for approval.

4.3 Formal Competitive Bids

Sealed bids are required per Table 1. The following shall apply when formal bidding is required for the purchase of materials, supplies, or equipment, except as otherwise noted:

- To ensure consistency and fair process, the City will use standard forms, documents, and terms and conditions, when practical. The City may use an evaluation selection committee to promote an open, proper selection.
- Minimum qualifications and/or specifications are stated to ensure bids address the needs of the City. Minimum qualifications cannot be used to eliminate qualified manufacturers and vendors. Minimum qualifications should be tested against the marketplace to ensure they aren't overly restrictive.
- While selection of a winning offer is based primarily on lowest responsive bid, quality and expertise may be a consideration to the extent legally permissible.

Bid Process.

1. **Define the Need.** Requesting department director shall determine the type of purchase based on type of activity and cost estimates.
2. **Request Authorization.** Depending on the project type and estimated cost, the requesting department director must request authorization from the city administrator to call for bids.
3. **Publication of Notice.** After proper authorization, the requesting department director (or designee) will publish the call for bids in the official newspaper or a newspaper of general circulation most likely to bring responsive bids and ensure notice is posted on the city webpage at least 13 days prior to bid submittal deadline.
4. **Notice Contents for Purchases of Materials, Supplies, or Equipment.** Notice or advertisement for bids should contain specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice must include:
 - a) Name and description of requested items.
 - b) Place, date, and time that bids are due.
 - c) Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bidding process.
 - d) Place, date, and time that bids will be opened.

Determining Lowest Responsible Bidder. The City of Gig Harbor shall purchase the materials, supplies, or equipment from the lowest responsible bidder, provided that whenever there is a reason to believe that the lowest acceptable bid is not the best

price obtainable, all bids may be rejected and the City may call for new bids or enter into direct negotiations to achieve the best possible price.

The following factors, in addition to price, may be considered in determining the lowest responsible bidder:

- Any preferences provided by law to Washington products and vendors.
- The quality of the materials, supplies, and equipment to be purchased.
- The conformity of the materials, supplies, and equipment to required specifications.
- The purposes for which the materials, supplies, and equipment are required.
- The times for delivery of the materials, supplies, and equipment.
- The character, integrity, reputation, judgment, experience, and efficiency of the bidder.
- Such other information as may have a bearing on the decision to purchase the materials, supplies, or equipment.

Life Cycling Costing. In considering bids for purchase, whenever there is reason to believe that applying the “life cycle costing” method to bid evaluation would result in the lowest total costs, first consideration will be given to the bid with the lowest life cycle cost which complies with the specifications.

“Life cycle cost” means the total cost of an item over its estimated useful life, including costs of selection, acquisition, operation, maintenance, and where applicable, disposal, as far as these costs can reasonably be determined, minus the salvage value at the end of its estimated useful life. The “estimated useful life” of an item means the estimated time from the date of the acquisition to the date of replacement or disposal, determined in any reasonable manner.

Written Record of Purchase. Immediately after a purchase is authorized, the written record of each bid or quote must be open to public inspection and available to the public by telephone or other inquiry.

4.4 Exemptions to Competitive Bidding Requirements

As provided in both RCW 39.04.270 and RCW 39.04.280, competitive bidding requirements may be waived by city council for the following:

- Purchases that are clearly and legitimately limited to a sole source of supply.
- Purchases in the event of an emergency.
- Purchases of insurance or bonds.
- Purchases that involve special facilities or market conditions.
- Competitive negotiations involving telecommunications systems/services.

Sole Source. On a case-by-case basis, the bid or quote requirement may be waived and a sole/single source purchase approved, in accordance with RCW 39.04.280.

Purchases deemed to be “sole source” are characterized as meeting one or more of the following standards: (a) the city department has conducted a screening process whereby it can justify purchase of a specific product; (b) the City requires legitimate specifications to which only one vendor can successfully respond; or (c) the product is available only through one manufacturer (or distributor) and the manufacturer so certifies. In any such case where the purchase exceeds \$5,000, the vendor shall certify that the City is getting the lowest price it offers anyone. Purchases in excess of \$5,000 from a sole source vendor require a statement attesting to the legitimacy of sole source and signed by the requesting department director with prior approval of the city administrator.

Emergency. In the event of an emergency, the Gig Harbor City Council designates the city administrator to act with regard to the subject matter of these procedures, and he or she may declare an emergency situation exists, waive competitive bidding requirements, and award all necessary purchases on behalf of the City to address the emergency situation. If an agreement is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the city council in a resolution no later than three weeks following the award of the agreement.

Special Facilities or Market Conditions. RCW 39.04.280(1)(b) authorizes the Gig Harbor City Council by resolution to waive established bidding requirements if an exceptional opportunity arises to purchase favorably priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. The resolution must set forth the factual basis for the special market conditions.

Auctions. RCW 39.30.045 authorizes the City to acquire supplies, materials, and equipment through an auction conducted by an agency of the State of Washington, an agency of the United States, any municipality or other government agency, or any private party if the items can be obtained at a competitive price.

Surplus Property. RCW 39.33.010 states the City may acquire surplus property from another government without the use of competitive bids or quotes, when it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies, or equipment.

Competitive Negotiations – Telecommunication Systems / Services. Competitive negotiation can be used as an alternative to the competitive bid procedures for the acquisition of electronic data processing and telecommunications systems, energy saving or energy related equipment or services, or when it is determined in writing that the use of competitive bidding is neither practical nor advantageous to the City.

Eligible purchases (RCW 39.35A.020) are those for “equipment, materials, or supplies that are expected upon installation, to reduce the energy use or energy cost of an existing building or facility, and the services associated with the equipment, materials, or

supplies, including but not limited to design, engineering, financing, installation, project management, guarantees, operations, and maintenance.” Pursuant to RCW 39.35A.030(1), the procurement may be structured on a performance basis, rather than a design specification, so that the City may specify a result, rather than the type or model of equipment (RCW 39.35A.030(3)).

The City of Gig Harbor will provide procedures for technical evaluation of the proposals received, identification of qualified sources, and selection criteria for awarding the purchase or service.

The City may select the qualified vendor whose proposal is most advantageous, with price and other factors considered. If the City of Gig Harbor is unable to negotiate a purchase successfully, the City may terminate negotiations and proceed to negotiate with the second most advantageous proposer, and so on.

4.5 Leases of Personal or Real Property

A lease of personal (or real) property with an option to purchase may require competitive bids, depending on the type of property involved and its cost. The cost is the total value of the item to be leased, not the yearly payment. A lease of property without an option to purchase does not require a call for bids.

5.0 Payment Processing

5.1 Accounts Payable

Original invoices that are received by accounts payable will be date-stamped and routed to department heads upon receipt. Other invoices may be received directly by the department head or other staff, such as when items are picked up at will-call or services are performed on-site. An accounts payable payment voucher with account code is created by a finance technician and attached to the invoice for processing. All vouchers must be signed and approved by the appropriate department head. For all invoices, department heads or designees will verify that the invoices items have been received and that the invoiced amount is correct.

The accounts payable original invoices should include the correct account coding and have a required authorized approval signature added. The approval invoice will be routed to accounts payable for payment. Packing slips are routed to accounts payable to be matched with invoices. Once verified and approved, accounts payable processes the check run. There are two accounts payable check cycles scheduled each month, generally the second and fourth Mondays of each month to coincide with council meetings, unless the date falls on a holiday.

The finance director or designee audits the bills prior to city council meetings ensuring the correct coding of bills, authorization approvals, and proper documentation prior to council approval. The finance director or designee approval is required before invoices can be paid.

Approvals. Vendor invoices shall be signed for approval by the department head or designee. Reimbursements payable to city employees shall be signed for approval as follows:

- Council – approved by the mayor, city administrator, or designee
- Mayor – approved by the city administrator or designee
- City Administrator – approved by the mayor or designee
- Department Director – approved by the city administrator or designee
- Other employees – approved by the direct supervisor, department director, or designee

Employees may not approve their own reimbursement.

Hand-issued Checks. Departments should avoid requests for hand-issued checks by submitting approved invoices to accounts payable as soon as invoices are received. If extenuating circumstances exist, a check may be hand-issued to avoid incurring interest, penalties, and late charges. Submit requests for hand-checks to the Finance Department. Manual checks must be pre-approved by the finance director.

Petty Cash. Petty cash funds cover minor disbursements. Petty cash is reimbursed through the accounts payable process in accordance with the City's policy on petty cash.

5.2 Purchasing Cards

Bank credit cards may be issued with the approval of the city administrator. They are to be used solely for City-authorized business purposes. The Finance Department maintains the accounts and is authorized to make necessary changes and updates, corresponds with the bank to resolve issues, order purchasing cards, reconciles purchases made during the billing cycle to the bank statement, verifies accuracy of supporting documents and signatures, maintains records, and assures timely payment.

Credit limits and other controls are established by the Finance Department when the cards are authorized and are determined according to the position requesting the card. Department directors may request a change of credit limits and cancel or suspend a card when needed. Cards will be issued to employees after the employee has received a copy of the City's Purchasing Policy and Procedures and has signed a Credit/Purchasing Card Agreement form.

As authorized, employees will use their card at time of purchase for goods, maintenance, services, and construction as allowed by the vendor. The employee should not exceed the credit limit on their card. Employees should contact accounts payable if the limit needs to be temporarily adjusted to make purchases. Employees will approve their charges and submit the proper supporting documents to their department director within five days of making a purchase. The documents must be turned in or made accessible prior to any absences (i.e. vacations, personal leave, or sick leave). If

there is a disputed charge, the employee should immediately notify the merchant. If unable to get satisfaction from the merchant, contact accounts payable to dispute the amount with the bank.

Department directors or designee will ensure employees approve their charges and submit the proper supporting documents immediately after each purchase or by the 15th of each month. Department directors will verify the accuracy of charges and approve supporting documentation, assign correct fund numbers and descriptive information for each charge, and submit paperwork to accounts payable.

Unauthorized usage examples:

- Personal charges
- Cash advances
- Unauthorized purchases
- Alcohol

Proper supporting documentation:

- Itemized receipts
- Itemized invoices
- Detailed online order confirmations
- Training request forms

Employees who are frequently late submitting or missing supporting documentation will lose their card privileges for an amount of time determined by the Finance Department. Improper use of the card may result in disciplinary action up to and including termination of employment.

The employee should safeguard their card and account numbers against loss, theft, and unauthorized use. The card should be kept locked in a secure location when not in use. In the event of a lost or stolen card, employees should immediately notify the bank and inform accounts payable. Failure to notify the bank may result in the City's responsibility for payment.