

CITY OF OSWEGO

PROCUREMENT POLICY

01/01/02

POLICY:

1. The City Purchasing Agent shall be responsible for developing and administering a central purchasing system and procedures to make provisions for all purchases, sale, lease, rental and servicing of materials, supplies, equipment and services for all departments and agencies of city government pursuant to and in compliance with the applicable provisions of laws and regulations.
2. Every purchase to be made must be initially reviewed to determine whether it is a purchase contract or a public works contract. Once that determination is made, a good faith effort will be made to determine whether it is known or can reasonably be expected that the aggregate amount to be spent on the item of supply or service is not subject to competitive bidding, taking into account past purchases and the aggregate amount to be spent in a year. The following items are not subject to competitive bidding pursuant to Section 103 of the General Municipal Law: purchase contracts under \$10,000 and public works contracts under \$20,000; emergency purchases; sole source purchases; goods purchased from agencies for the blind or disabled; goods purchased from correctional institutions; purchases under State contracts; surplus and second-hand purchases from another governmental entity; and professional service contracts.

The decision that a purchase is not subject to competitive bidding will be documented in writing by the individual making the purchase. This documentation may include written or verbal quotes from vendors, a memo from the purchaser indicating how the decision was arrived at, a copy of the contract indicating the source which makes the item or service exempt, a memo from the purchaser detailing the circumstances which led to an emergency purchase, with Mayor's approval or any other written documentation that is appropriate.

3. The City shall purchase materials, supplies, equipment and services as required, at the best possible prices and maintain appropriate documentation as follows:
  - a. Purchases will be secured by use of written requests for proposals, written quotations, verbal quotations, or any other method that assures that goods will be purchased at the lowest price and that favoritism will be avoided.
  - b. Proper written documentation (acceptable to the Purchasing Department) by the individual making the purchase will be required whenever a contract is awarded to other than the lowest responsible offeror. This documentation will include an explanation of how the award will achieve savings or how the offeror was not responsible.

4. Purchase contracts for materials, supplies and equipment involving an estimated annual expenditure in excess of \$10,000 and public works contracts in excess of \$20,000 shall be awarded only after public advertising soliciting formal bids pursuant to Section 103 of the General Municipal Law.

5. Purchases shall be made to the extent practicable, through available state contracts of the Office of General Services, Division of Standards and Purchase, Department of Correctional Services, New York State Industries for the Disabled, Industries for the Blind of New York State, and surplus and second-hand purchases from another governmental entity, whenever such purchases are in the best interest of the City.

6. The Purchasing Agent or designee shall be responsible for all required public advertising and competitive bidding; shall conduct all bid solicitations and openings and secure the recommendations for awarding contracts from the appropriate official.

7. Opportunity shall be provided to all responsible suppliers to do business with the City. To this end, the Purchasing Agent shall develop and maintain lists of potential suppliers for various types of materials, supplies, equipment and services. Such lists shall be used to develop mailing lists of potential suppliers and for distribution of specifications and invitations to bid. Any supplier may be included in the list upon request.

8. When Soliciting bids, a statement of "general conditions" shall be included with all specifications submitted to suppliers. These general conditions shall be incorporated in all contracts awarded for the purchase of materials, supplies, equipment and services.

9. All contracts which require public advertising and competitive bidding shall be awarded as provided by law and the rules and regulations of the City. Recommendations for awarding contracts shall be submitted by the appropriate official.

10. The Purchasing Agent shall establish a procedure for maintaining an up-to-date property and inventory record of all equipment, except expendables, held by the City and for the disposal of obsolete surplus or non-usable materials, supplies and equipment.

11. The Purchasing Agent shall only authorize purchase orders after first determining that unencumbered balances of budgetary appropriations are adequate to cover such obligations. All bills shall include a copy of the purchase order upon payment.

12. No official or employee of the City shall be interested financially in any purchase or contract secured by the City. This also precludes acceptance of gratuities, financial or otherwise, by the above persons, from any supplier of materials, supplies, equipment or services to the City.

13. The Purchasing Agent shall develop a procedure for the review of purchasing practices or activities upon receipt of any inquiry or allegation of violation of this policy following its adoption.

## Authorized Limits and Control

1. Periodically, the authorized limits for purchasing transactions shall be reviewed, evaluated and adjusted to more accurately reflect the market pricing, inflation, processing expenses, and the City's utilization experience.

2. The following authorized dollar limits are effective January 1, 2002. These limits are applicable per total purchase transaction for related items, provide for departmental delegation and discretion, and require documentation as specified.

### ESTIMATED AMOUNT OF PURCHASE CONTRACTS: METHOD:

\$0 - \$500.00

Departmental Discretion. Invoices processed for payment on a claims voucher.

\$0-\$1,000.00 (DPW)

Department of Public Works. Invoices processed for payment on a claims voucher.

\$501 – \$1,999.00

\$1,001.00 - \$1,999.00 (DPW)

At least two (2) documented verbal quotes.

At department's discretion, either department or purchasing obtains documented quotes from at least 3 separate vendors (if available).

Recommended low quote be written and documentation provided in the event that the low quote is not used.

Purchasing issues purchase order

\$2,000.00 – \$4,999.00

At least three written quotes (including price lists or catalogs)

Purchasing issues purchase orders.

\$5,000.00 - \$9,999.00 (Purchase Contracts)

\$5,000.00 - \$19,000.00 (Public Works Contracts)

At least three written quotes on City of Oswego format. (Specifications developed by Purchasing Agent).

\$10,000.00 - \$20,000.00 and Up

Department completes purchase requisition and written specification and forwards to purchasing.

Purchasing advertises for competitive sealed bids in conformance with Municipal Law Section 103.

Contract or purchase order issued by purchasing.

3. Pursuant to General Municipal Law Section 104-b(2)(f), the procurement policy may contain circumstances when, or types of procurements for which, in the sole discretion of the governing body, the solicitation of alternative proposals or quotations will not be in the best interest of the municipality. In the following circumstances, it may not be in the best interests of the City of Oswego to solicit quotations or document the basis for not accepting the lowest bid:

a. Professional services or services requiring special or technical skill, training or expertise. The individual or company must be chosen based on accountability, reliability, responsibility, skill, education and training, judgement, integrity and moral worth.

b. Emergency purchases pursuant to Section 103(4) of the General Municipal Law. Due to the nature of this exception, these goods or services must be purchased immediately and a delay in order to seek alternate proposals may threaten the life, health, safety, property or welfare of the residents. This section does not preclude alternate proposals if time permits.

c. Sole source purchases when it is clearly determined that there is only one vendor capable of providing a particular material or service.

d. Control involves not only compliance with required purchasing procedures, but also affects the paperwork necessary. "Over-papering" can ruin the effectiveness of the system almost as quickly as non-compliance. The authorized dollar limits requirements of quotations, and utilization of purchase orders are waived for the following exceptions, established upon a determination of operational efficiencies and economics:

1. Petty Cash Reimbursements
2. Utility Bills
3. Maintenance Repairs and Parts (up to \$5,000)
4. Maintenance and Service Contracts (up to \$5,000)
5. Interdepartmental Charges
6. Medical Expenses
7. Legal Notices
8. Postage Costs

9. Memberships and Dues

10. Book and Periodicals

11. Mileage, Travel, Conference Reimbursements

12. Food for Prisoners

13. Other Expenses Determined by the Purchasing Agent on an Individual Basis

4. This policy shall go into effect January 1, 2002 and will be reviewed annually.

5. If a department does not follow the Purchasing/Procurement Policy, the department head must provide a written explanation of why these purchasing procedures were not followed. The written explanation shall be sent to the City Administrative Assistant's Office and Purchasing Office on the first occurrence. If a department fails to follow the required procedures a second time, notification will be made to the Administrative Services Committee and an explanation will be needed for them. Payments to vendors will be delayed during this process and may be denied for subsequent violations.