

CITY OF HAMILTON, OHIO

No. 204

ADMINISTRATIVE DIRECTIVE

Effective Date: 8-29-16

Supersedes: No. 204 Dated 03/12/99

Approved by: Joshua A. Smith,
City Manager

SUBJECT: CONTRACTING AND PURCHASING PROCEDURES

REFERENCES: Ohio Revised Code Section 1311.25, Hamilton Codified Ordinances, Chapters 169 and 171; Hamilton City Charter, Sections 009.62 thru 009.64.

1. Policy.

- a. The City supports sustaining and promoting a procurement environment based on the understanding that departments are in the best position to determine what they need to run their operations. Policies and procedures are meant to support their need to get products and services in a timely and cost effective manner, while also making sure appropriate best practice processes are followed.
- b. The contracting and purchasing policies and procedures outlined below conform to the requirements as set forth in Chapter 169 and 171, C.O., of the Hamilton Administrative Code relative to contracting and purchasing procedures with the exception of those permitted to be purchased otherwise by case law or legislation. Otherwise, these procedures are to be followed in all contracting and purchasing transactions. One set of procedures applies to the purchase of materials, supplies, equipment, repairs, and services; the other applies to public improvement contracts which are defined as any construction, reconstruction, improvement, enlargement, alteration, demolition, or repair of a building, highway, drainage system, water system, road, street, alley, sewer, ditch, sewage disposal plant, water works, and any other structure or work of any nature by a public authority.
- c. Considerable authority has been delegated to departments to make purchasing decisions. This requires that employees involved at every step of the process take full responsibility for understanding the City's policies and procedures regarding purchasing, payment, and vendor relations. Purchasing decisions are business decisions made on behalf of the City and therefore should be made with the utmost consideration for what is in the best interest of the City. Purchases also need to be made in the most efficient and cost effective manner. Following policies and procedures ensures that appropriate business processes occur when dealing with outside vendors. This Administrative Directive is meant to provide guidance to end users making purchases on behalf of the City. Department personnel who will be responsible for making purchases are expected to have appropriate system security for their role (i.e. requestor, approver, etc.) and attend all associated training classes for those roles. The contact for training classes is Andrea Young (513) 785-7142; andrea.young@hamilton-oh.gov.

2. Purchasing Division.

The primary function of the Purchasing Division is to purchase supplies, materials, equipment, and services required by the City and to maximize, to the fullest extent practical, the purchasing value of public funds of the City. Specific responsibilities, duties, and functions include:

- Develop purchasing objectives, policies, programs and procedures for the purchase and contracting of all materials, supplies, equipment and services.
- Act as the City's representative on matters pertaining to purchasing and contracts.
- Purchase or assist with the purchase of supplies, materials, equipment and contractual services required by the City.
- Insure that purchases are made in compliance with applicable statutes, rules, regulations, and policies.
- Conduct research into existing and new methods of procurement.
- Assist the departments in the preparation of specifications and technical requirements to be included in Invitations to Bid (ITB), Requests for Proposals (RFP), and Request for Quotations (RFQ).
- Consolidate purchases of like or common items to obtain the maximum economical benefits and cost savings, and explore the possibilities of buying in bulk to take full advantage of quantity discounts. Join with other governmental agencies in cooperative purchasing agreements, when the best interest of the City would be served.
- Purchase from Ohio Department of Administrative Services, General Services Division (DAS), Office of Procurement and the U.S. General Services Administration (GSA) and other cooperative governmental contracts when the best interest of the City would be served.
- Keep informed of current developments in the field of purchasing, including but not limited to prices, market conditions and new products, and secure for the City the benefits of research conducted in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations, and private businesses and organizations.
- Arrange for the disposal, bid, auction, or negotiation for the sale of surplus materials and equipment.
- Maintain a vendor listing.
- Promote good will and public relations between the City of Hamilton and its suppliers.
- Encourage full and open competition wherever possible.

3. Code of Ethics and Conduct.

- a. It is the policy of the Purchasing Division to promote the City's reputation for courtesy, fairness and impartiality. The responsibility for achieving this goal rests with each individual who participates in the procurement process.
- b. All City personnel authorized to conduct purchasing activities must adhere to the principles and standards of the Ohio Ethics Law and the City's Code of Ethics Administrative Directive 316.
- c. City personnel shall not solicit or accept a significant gift from a vendor or prospective vendor. A 'significant gift' is defined as an item, service, favor, monies, credits, or discounts, etc... which could influence purchasing decisions. City personnel may accept trivial items as a matter of courtesy, but may not solicit them. Acceptance of social invitations to occasional business meals will be subject to prudent judgment as to whether the invitation appears to place the employee under any obligation.
- d. Conflict of Interest: Employees are required to conduct the affairs of the City in accordance with the highest ethical, legal, and moral standards. An employee must not be in a position to make a decision for the City if his or her personal, professional, or economic interests (or those of his or her immediate and extended family member) may be directly influenced or affected by the outcome. When a potential for a conflict of

interest arises, the City employee must provide written notification to the Law Director identifying what relationship exists that could be classified as a potential for a conflict of interest.

4. Procurement Threshold.

Dollar Value of Purchase Transaction	Type Purchase Document	Minimum Bidding Requirements	Bid Bond Required	Contract Bond Required
\$1- \$2,500	P.O.	One (1) Verbal Informal Bid	No	No
\$2,501 - \$5,000	P.O.	Two (2) Verbal Informal Competitive Bids	No	No
\$5,001 - \$49,999.99	P.O.	Three (3) Informal Competitive Bids	No	No
\$50,000 & Over	Contract w/ P.O.	Formal Competitive Bids	10% of bid, including alternates	Public Improvement Required, others may be waived
Any Amount	P.O.	Federal(GSA), State Cooperative, Local Government	N/A	City Management Discretion
Any Amount	Contract w/ P.O.	Council Authorized/ Bidding Waived	N/A	City Management Discretion
Any Amount	Contract w/ P.O.	Professional Services Request for Proposal	N/A	City Management Discretion

The purpose of competition is a basic tenet of public procurement. The method for obtaining competitive prices for purchases of supplies, materials, equipment and contractual services

is based on available budget and anticipated/estimated price of the product or service to be purchased. The following methods of procurement shall be utilized:

- a. **Informal Bid** (Purchases \$2,500 or less):
 - i. Repetitive type items where the estimated price of the materials, equipment, supplies, or services is \$2,500 or less may be purchased based on one verbal quote, provided the price is deemed to be fair and reasonable. Additional competition may be obtained whenever there is a reason to believe a quotation is not a fair and reasonable price.
- b. **Informal Competitive Bid** (Purchases Over \$2,500 but less than \$5,001):
 - i. For purchases where the estimated price of the materials, equipment, supplies, or services is greater than \$2,500.00 and not more than \$5,000.00, efforts will be made to contact at least two (2) vendors to obtain verbal price quotations or written quotations. Where only (1) quotation is received, an award may be made if the requesting department and the Purchasing Agent determines that the price submitted is fair and reasonable.
 - ii. For purchases where the estimated price of the materials, equipment, supplies, or services is greater than \$5,000 and less than \$50,000, efforts shall be made to contact at least three (3) vendors to obtain written quotations. Where only (1) quotation is received, an award may be made if the requesting department and the Purchasing Agent determines that the price submitted is fair and reasonable.
- c. **Formal Bids** (Purchases \$50,000 and over)
 - i. Competitive sealed bids or competitive sealed proposals shall be utilized for purchases of supplies, materials, equipment and services anticipated over \$50,000.00. Competitive sealed bidding requires issuing an Invitation for Bid, giving public notice, receiving sealed responses, holding a public bid opening, preparing the Bid Tabulation, evaluating bids, recommending award.

5. Exceptions to the Bidding Requirements.

- a. **Emergencies**
 - i. An emergency occurs when there exists an immediate threat to the life, health, welfare, or safety of City employees or its citizens; when it is necessary to maintain or restore vital machinery, equipment or services; when it is necessary to address regulatory laws and permits; or situations which may cause major financial impact to the City should immediate action not be taken. Bidding requirements may be waived if an emergency is declared by the requesting Department Director. Emergency procurement shall be made with such competition as is practical under the circumstances. A full written justification of the basis of the emergency shall be included with the purchase order form.
 - ii. Emergency Purchases Less Than \$50,000: declared emergency by Director of the requesting Department concurred by the Purchasing Agent thru PO approval process.
 - iii. Emergency Purchases \$50,000 and over: Director of the requesting Department to complete Emergency Purchase/ Expense Request and receive City Manager approval. Upon conclusion of emergency action Director shall submit caucus report for council notification. Copies of the approved Emergency Purchase/ Expense Request form and caucus report shall be attached electronically to the purchase order.
- b. **Sole Source**
 - i. Sole source means that a single vendor (manufacturer or distributor) is uniquely qualified to meet the department's procurement objective. Sole source procurements

can only be made with the concurrence of the department's director and the Purchasing Agent. To be considered sole source and therefore exempt from the bidding process, one of the following conditions listed below must be met:

- Advertising
- Training/Seminars
- Subscriptions
- Memberships
- Permits/Licenses/Fees
- Postage
- Proprietary processes
- Utility (natural gas and electric) and utility services
- Software, software maintenance
- Used equipment
- Testing and trial use
- Travel expense
- Promotional items
- Artistic and graphic design services
- Patents
- Copyrights
- Protected distribution channels
- Standardized good and services
- Items for resale
- Books, periodicals, and reference materials

Documentation for a sole source purchase shall be included with the purchase order. Written documentation shall include justification indicating why this product was chosen, how it meets the departments requirements.

- i. Sole Source Purchases Less Than \$50,000:
 - a) The requesting department will obtain sole source letter from manufacturer and shall be attached electronically to the purchase order.
 - b) When a department has identified specific item with unique features or characteristics essential and necessary to the requesting department and no alternate products are available, a detailed written justification must be provided to the Purchasing Division in advance for review and approval.
- ii. Sole Source Purchases \$50,000 and over: Director of requesting department shall submit caucus report to council for approval describing the basis for the sole source claim. Copy of the approved caucus report shall be attached electronically to the purchase order.

Note: In case of reasonable doubt, competitive bids shall be solicited.

c. Miscellaneous

The following items have been identified in the Codified Ordinance as exceptions to the bidding requirements. If the department is identifying one of the following exceptions it shall be clearly documented in the purchase order.

- State/GSA cooperative contract pricing - Codified Ordinance Section 171.062
- Purchase of covert & undercover motor vehicle - Codified Ordinance Section 171.063
- Fiberoptic - Codified Ordinance Section 171.064
- No bids received as the result of a previous advertisement for the same purchase
- Market shortages or other unusual market conditions clearly establish that prospective sellers will refuse to submit firm bids
- Professional Services