



**CITY OF ASHEVILLE**  
Financial Policy  
Procurement, Purchasing & Contracting Policy

Subject: Purchasing & Contracting Policy

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## **SECTION 1.0 GUIDELINES FOR ALL TRANSACTIONS**

This section applies to all instances of procurement, contracting for services, and purchasing of apparatus, supplies, materials, or equipment.

**1.1 PURPOSE:** It is the purpose of this Policy to create and maintain an efficient and uniform process in the administration of procurement, professional service contracts, general service contracts, and purchasing apparatus, supplies, materials, or equipment that is consistent with the stewardship and objectives of the City of Asheville. A City Department shall select service providers according to the procedures set out in this policy. A City Department may use other methods of selection on an individual justified basis only with the prior written approval of the City Manager.

### **1.2 DEFINITIONS:**

**(a) City Manager** – The City Manager or position to act on behalf of the City Manager as designated by the City Manager.

**(b) Department Head** – The Director of a department. The Director is responsible for ensuring the City's procurement, contracting and purchasing policies and goals are met. This responsibility cannot be designated to another party.

### **1.3 CONTRACT REQUIREMENTS:**

**(a) Insurance Requirements** - All City contracts are required to have the following insurance minimums, if applicable. For the purposes of this insurance requirement, all transactions covered in this policy are considered contractual except for Small Procurement Transactions. The Department will be responsible for determining the level of risk as set forth in the City of Asheville Minimum Insurance Coverage and Requirements Matrix for the service provided. A copy of the Matrix shall be incorporated into each contract. The Contractor shall provide the Department with a certificate of insurance showing that all minimum coverages are met as described in the Matrix. All contracts that are subject to providing Workers Compensation must show employers liability statutory limit and minimum of \$500,000 workers comp. limit. The City of Asheville is the certificate holder and must be named additionally insured. The City must be notified of any cancellation of insurance within thirty (30) days. Products completed must be included in the general liability or as an endorsement.

## **SECTION 2.0 SMALL PROCUREMENT TRANSACTIONS**

### **2.1 DEFINITIONS:**

- (a) Small Procurement Transaction** – The purchase of goods, supplies, materials and General Services up to \$5,000.

### **2.2 AUTHORITY:**

- (a) Up to \$5,000** - Departments have been delegated authority for purchases for Small Procurement Transactions up to \$5,000. For transactions above \$5,000, refer to the appropriate section for this policy for further instructions.

### **2.3 REQUIREMENTS:**

- (a)** Departments are encouraged but not required to receive two quotes for Small Procurement Transactions when applicable and appropriate. Telephone quotes are acceptable. Outreach to minority businesses is encouraged and can be facilitated through the city's Minority Business Program Coordinator. Small Procurement Transactions do not require review by the Legal Department nor the Risk Management Division.
- (b)** Departments have been delegated the responsibility for maintain appropriate documentation of all Small Procurement Transactions.

### **2.4 REMITTANCE & PAYMENT:**

- (a)** Preferred payment for Small Procurement Transactions is a City procurement card. The Department Head shall be responsible for establishing the appropriate procurement card limits for cardholders within the Department subject to applicable policies.
- (b)** If payment with a City procurement card is not available, the Department may submit an invoice for direct payment through the Accounts Payable Division.

### **2.4 AUDIT PROCEDURES:**

- (a)** The Purchasing Manager, in consultation with the Internal Auditor, will oversee an audit process using industry accepted random selection procedures and statistical evaluation techniques to ensure transactions are appropriate and reviewed by the Department Head. The Department Head will be solely responsible for verifying the documentation and validity of the audited transactions and approving same. The Department Head may not delegate the responsibility for reviewing the selected audited transactions to other personnel.

## **SECTION 3.0 PROFESSIONAL SERVICES CONTRACTS**

### **3.1 DEFINITIONS:**

- (a) **Professional Services** - Professional Services are defined by North Carolina General Statute as architectural, engineering, surveying and construction management at risk services. All Professional Services require Request for Qualifications (RFQ) regardless of the cost.

### **3.2 AUTHORITY:**

- (a) **Professional Service contracts of less than \$30,000** - Shall be approved and signed by the Department Head following the procedures set forth in Section 3.4. Department Heads are allowed to sign all change orders for said contract so long as the change orders do not increase the revised contract amount more than \$29,999.99 and otherwise comply with the law. All change orders where the revised contract amount is \$30,000 and over must be signed by the City Manager. Professional Service contracts within this threshold are required to meet the City's insurance requirements as outlined in Section 1.3.a and 3.3.b of this policy; however, Risk Management review is not required but encouraged if insurance if the service provided is not routine and customary. Review by the City's Legal Department is also strongly encouraged if the contract is not a standard form used by the City. The Department Head shall certify that the contract complies with the City's Minority Business Program, Drug Free Workplace Policy, Americans with Disability Act Policy and insurance requirements when applicable.
- (b) **Professional Service contracts of more than \$30,000 and less than \$90,000** - Shall be signed by the City Manager following the procedures set forth in Section 3.4. The City Manager is authorized to sign change orders to contracts without City Council approval when the total contract amount including the change order is not more than \$89,999.99. The City Manager is also authorized to sign change orders on contracts \$90,000 and over when the original amount plus the change order does not exceed the amount authorized in the resolution adopted by City Council. Professional Service contracts within and above this threshold must be reviewed and approved by the Risk Management Division, the City Legal Department and the Minority Business Program.
- (c) **Professional Service contracts of above \$90,000** - All Professional Service contracts \$90,000 and over must have City Council authorization before executing the contract. Any change order which raises the total contract amount \$90,000 and over must have City Council approval. Change orders which exceed the budgeted amount in the resolution regardless of the dollar value must have City Council approval. Professional Service contracts within and above this threshold must be reviewed and approved by the Risk Management Division, the City Legal Department and the Minority Business Program.

### **3.3 CONTRACT REQUIREMENTS:**

- (a) **Length of Professional Service contracts:** Professional Service contracts should ordinarily terminate at the end of the project, or projects, for which they are awarded. However, in those instances where contracts are awarded on an on call or continuing basis, they may be awarded for a period of three (3) years with two (2), one (1) year, extensions. Professional Service contracts may be extended for additional periods with the approval of the City Manager.

**(b) Insurance requirements:** Professional Service contracts may require the provider to have an Errors and Omissions policy with amounts as determined by the Risk Manager. In addition, Risk Management may require additional insurance limits or conditions based on the contract exposures. The Risk Manager may issue waivers for specific contracts upon request.

**3.4 PROCEDURES FOR PROFESSIONAL SERVICE CONTRACTS OF LESS THAN \$30,000:** The following procedures shall apply to the solicitation, negotiation, award and execution of Professional Service contracts of less than \$30,000.

**(a) Requests for qualifications** - Requests for qualifications (herein "RFQ") shall be distributed to identified professional service providers in the field of endeavor including minority service providers. Providers may be pre-qualified prior to the RFQ to determine those that meet the test of demonstrated competence and qualification for the type of professional services. A contract may be awarded on one (1) or more RFQs.

**3.5 PROCEDURES FOR PROFESSIONAL SERVICE CONTRACTS OF \$30,000 OR MORE:** The following procedures shall apply to the solicitation, negotiation, award and execution of Professional Service contracts of \$30,000 or more.

**(a) Approval process** - Professional Service contracts of \$30,000 or more will be issued after the Department announces for proposals for architectural, engineering, surveying or construction manager at risk services, as required by North Carolina General Statute and outlined in Sec. 3.6 below.

It will be the responsibility of the Department Head to maintain documentation for RFQs, proposals and the reason(s) for the provider selected. The recommended contract must be reviewed by the Minority Business Program, Risk Management Division, and Legal Department prior to the City Manager's signature.

**3.6 REQUEST FOR QUALIFICATIONS PROCEDURE FOR PROFESSIONAL SERVICES CONTRACTS OF \$30,000 OR MORE:** A written request for qualification shall be developed by the Department Head or his/her designee for professional service contracts of \$30,000 or more.

**(a)** Requests for qualifications (herein "RFQ") shall be distributed to identified professional service providers in the field of endeavor including minority service providers. Providers may be pre-qualified prior to the RFQ to determine those that meet the test of demonstrated competence and qualification for the type of professional services. A contract may be awarded on one (1) or more RFQs.

**(b)** The RFQ should, as a goal, set a deadline for receipt of RFQ no earlier than two weeks from the date of distribution of the request and shall identify the individual(s) and office(s), including addresses, which are responsible for receiving the RFQs. Where there are overriding City objectives that would require a shorter time for receipt of proposals, the Department Head should document such need and retain the documentation with the contract documents.

**(c)** The following elements shall be identified in the RFQs as necessary items in any acceptable RFQ:

- i. A detailed description of previous similar projects including photographs and locations where applicable, costs, initiation and completion dates, and any special design considerations for the desired services including necessary preliminary studies;
  - ii. Clients for whom similar services were provided and the appropriate individual who may be contacted as a representative of each client;
  - iii. Consulting team composition with specific reference to individuals who would be associated with the team and their particular responsibilities;
  - iv. Time schedule, which the firm will follow, for initiation of the project and for various stages throughout completion;
  - vi. Any special considerations of the service, or project, and other pertinent data.
- (d) In evaluating proposals, the following items should be considered in making a determination of the "qualified firm:"
- i. The qualifications of the project team members assigned to the job;
  - ii. Time schedule for providing services;
  - iii. The level of work performed by a project team on previous assignments which are generally similar to the proposed project; and
  - iv. Previous client satisfaction level.
- (e) The Department Head shall prepare a recommendation to the City Manager including the following:
- i. The reason(s) for selecting the successful provider.
  - ii. A list of all the firms to which the RFQs were mailed.
  - iii. A list of all firms submitting proposals.
  - iv. In the selection of the provider a Department may select the one which best meets the needs of the City taking into consideration time of completion, quality of service, performance, stipulated specifications for proposals and costs. Provided, that the selection of providers of engineering, architectural, and surveying services shall be without regard to fee, other than unit price information, and as otherwise required by **N.C.G.S. § 143-64.31 and 64.32.**
  - v. If proposals received do not meet the City's requirements, the Department Head shall reject the RFQs and develop alternative means to complete the project, including rebidding if deemed appropriate.

## **SECTION 4.0 BUILDING AND CONSTRUCTION & REPAIR CONTRACTS**

### **4.1 DEFINITIONS:**

- (a) Construction & Repair** – Contracted services defined by General Statute that include labor and material costs for construction, renovation and repair not involving buildings.
- (b) Building Construction** – Contracted services defined by General Statute that include labor and material costs for construction and/or renovation of existing or new buildings.

### **4.2 CONTRACT AUTHORITY FOR BOTH BUILDING AND CONSTRUCTION AND REPAIR CONTRACTS:**

- (a) Building and Construction & Repair contracts less than \$30,000** - Department Heads are authorized to approve construction contracts under \$29,999.99. Department Heads are allowed to sign all change orders for said contract so long as the change orders do not increase the revised contract amount to more than \$29,999.99 and otherwise comply with the law. All change orders where the contract amount is \$30,000 and over must be signed by the City Manager.
- (b) Building and Construction & Repair contracts of \$30,000-\$99,999.99** - The City Manager is authorized by the City Council to approve, award and execute construction contracts up to \$99,999.99 without City Council Approval. The City Manager can sign change orders to contracts without Council approval when the total revised contract amount including the change order is under \$100,000. Any change order which raises the total revised contract amount to \$100,000 and over must have City Council approval. The City Manager is also authorized to sign change orders on contracts \$100,000 and over when the original amount plus the change order does not exceed the amount authorized in the resolution adopted by City Council. Changes orders which exceed the budgeted amount in the resolution regardless of the dollar value must have City Council approval.
- (c) Building and Construction & Repair contracts of \$100,000 and above** - All contracts \$100,000 and over must have City Council authorization before executing the contract.

### **4.3 CONTRACT REQUIREMENTS:**

- (a) All Building and Construction & Repair contracts** – Subject to the City’s Minority Business Program policy.
- (b) Building and Construction & Repair contracts below \$30,000** - Department Head is responsible for using authorized selection process and maintaining appropriate and necessary contract documentation, including information on compliance with Minority Business Program policies, insurance requirements and other applicable policies. Review by the Risk Management Division and the Legal Department is not required at this threshold. Contract must include the City’s General Terms and Conditions. For Building Construction contracts, North Carolina General Statute requires participation with the Office of Historically Underutilized Businesses (HUB) to advertise bids if the work is part of a State funded project worth \$100,000 or more. More information about HUB participation can be found at <http://www.doa.state.nc.us/hub/>.
- (c) Building and Construction & Repair contracts of \$30,000-\$300,000** - Department Head is responsible for using authorized selection process and maintaining appropriate and necessary

contract documentation, including information on compliance with Minority Business Plan participation policies. Contract must include the City's General Terms and Conditions. Contracts over \$50,000 that are part of a project costing more than \$300,000 require performance and payment bonds per North Carolina General Statute. For Building Construction contracts, North Carolina General Statute requires documentation of good faith outreach efforts to historically underutilized businesses.

- (d) Building and Construction & Repair contracts of \$300,000-\$500,000** – Subject to informal bidding procedures described pursuant to North Carolina General Statute.
- (e) Building and Construction & Repair contracts of \$500,000 and above** - All construction and repair contracts requiring the estimated expenditure of \$500,000 or more must be handled in accordance with N.C.G.S. § 143-129 or as amended by the General Assembly. The Department should use the formal construction contract documents for the Formal Bid Package as set forth on the City's intranet in Construction Contracts \$500,000 (herein FBP) and over. Formal contract procedures are outlined below.

#### **4.4 PROCEDURES:**

- (a) Building and Construction & Repair contracts below \$30,000** - Department Head must solicit bids for work and must receive at least two responses. Department Head is responsible for maintain records of bid process as well as compliance with Minority Business Program and insurance requirements.
- (c) Building and Construction & Repair contracts of \$30,000-\$300,000** - Department Head must solicit bids for work and must receive at least two responses. Department Head is responsible for maintaining records of bid process as well as compliance with Minority Business Program. Contract must be reviewed by Risk Management Division, City Legal Department and Minority Business Program prior to execution by City Manager.
- (d) Building and Construction & Repair contracts of \$300,000-\$500,000** – Subject to informal bidding procedures, described in Sec. 4.5 below, pursuant to North Carolina General Statute.
- (e) Building and Construction & Repair contracts of \$500,000 and above** - All construction and repair contracts requiring the estimated expenditure of \$500,000 or more must be handled in accordance with N.C.G.S. § 143-129 or as amended by the General Assembly. The Department should use the formal construction contract documents for the Formal Bid Package as set forth on the City's intranet in Construction Contracts \$500,000 (herein FBP) and over. Formal contract procedures are described in Sec. 4.6 below.

#### **4.5 STEPS FOR INFORMAL CONTRACT & BID PROCEDURES:**

1. Prior to getting any quotes for the project, the Department shall solicit minority participation as set forth in the City's Minority Business Program prior to soliciting bids for any contract and include the Risk Management exposure level in all correspondence with bidders.
2. For all construction and repair contracts between \$29,999.99 and \$499,999.99, the Department shall use the Informal Contract forms located on contracting intranet page and process the

appropriate contract. The electronic approvals and posting to the general ledger are required for all contracts.

3. The Department shall solicit a minimum of two quotes prior to awarding any contract. The contract shall be awarded to the lowest responsive/responsible bidder taking into consideration, the quality, performance and time specified in the bids.
  4. For contracts above \$30,000, prior to awarding the contract, the Department shall present the contract and quotes solicited to the Minority Business Program Coordinator for review.
  5. For all construction contracts between \$300,000.00 and \$499,999.99, the contractor must have a performance bond and payment bond for the project amount validly executed prior to the start of work. For Construction contracts (G.S. 44A-26, 143-129) requires performance and payment bonds (100% of bid amount) for contracts costing more than \$50,000 that are part of a project costing more than \$300,000.
  6. The Department shall determine the proper level of risk per the City's Contracting Risk Matrix and insert the level of risk (low, medium, high, special risk) into the contract form or City of Asheville general terms and conditions exhibit B. The Department shall also notify the Contractor of the insurance requirements for the certificate of insurance.
  7. After awarding the contract, the Department shall get the contractor's signature on the contract and a certificate of insurance for the contractor with the City of Asheville made out as an additional insured (unless a certificate is on file). For contracts above \$30,000, the Department will submit a scanned copy for electronic approvals, including the Risk Management Division and the City's Legal Department, along with routing the contract for the City Manager's signature. Final award on the project should be communicated to the Minority Business Program Coordinator as soon as possible for future reporting purposes.
- 8. Any deviations from this policy must be approved by the City's Contract Administrator.**

#### **4.6 STEPS FOR FORMAL CONTRACT & BID PROCEDURES:**

1. The Department must draft and complete a Formal Bid Package (FBP) as set forth on the City's intranet contracting page in conjunction with input from the Minority Business Program including minority business information. After the FBP is completed, the Department must route the FBP through the first portion of the Formal Contract Tracking Form (FCTF). If you need modification of the FBP contact your legal advisor.
  - a. Prior to advertising for bids, determine the amount of insurance required based on the City's Contracting Insurance Matrix.
2. After obtaining the necessary signatures on the first portion of the FCTF, the Department is required to advertise the bid. The Department can advertise through electronic means (City's website and the State of North Carolina's Interactive Purchasing System through the Purchasing Department) in accordance with Resolution No. 04-156, or the Department has the option to advertise in a newspaper having general circulation. All advertisements must be made at least ten

(10) days before the date of opening of bids. A sample advertisement is located on the City's intranet contracting page. Any advertisement must contain, at a minimum, the following:

- a. The time and place where the plans and specifications of the proposed work may be had.
  - b. State the time and place for the opening of proposals.
  - c. Reserve to the City the right to reject any and all proposals.
3. The Department has the option of holding a pre-bidding conference to release information regarding the project. Advise the Minority Business Program Coordinator of such meetings so that the minority business outreach procedures are provided.
4. The Department shall hold a formal bid opening. All bids shall be sealed in an envelope or package and shall not be opened prior to the time set for the bid opening. Until bid opening time the City may return the bid to bidder for modification or change out of bid. All bidders are required to submit cash, a cashier's check or a certified check in an amount equal to five (5) percent of the proposal. In lieu of said money, the bidder can submit a bid bond executed by a corporate surety licensed in North Carolina to execute said bonds. This deposit shall be retained if the lowest responsible bidder failed to execute the contract within ten (10) days of the award.
- a. The City must receive a minimum of three (3) bids to open under the NC GS Formal bidding process. If the City does not receive three bids, the City shall re-advertise. If after the second advertisement, three bids are not received the city may open the bids and determine the lowest, responsive, responsible bidder.
  - b. If the bids exceed the funds allocated for the project, the City can negotiate with the lowest responsible bidder to see if the price can be negotiated to meet the funds allocated. Contact the Contract Administrator before starting negotiations.
  - c. If the contract cannot be let under the above conditions, the project can be re-bid after changes to the specifications have been made.
5. After the bid opening but prior to awarding the contract, the Department shall forward all bids to the Minority Business Program Coordinator for minority business compliance review (See FCTF Sec. 2).
6. The Department shall determine who the lowest responsive/responsible bidder is taking into consideration the qualifications, performance and time specified in the proposal for the performance of the contract and prepare a resolution and staff report for City Council to award the contract and get the City Manager authority to enter into the contract. A sample resolution is located on the City's intranet contracting page.
7. After City Council approval, the Department shall issue the notice of the award and get the contractor to sign the formal contract. The Contractor shall provide the City with a performance and payment bonds (in the amount of the contract) as required by Article 3 of the N.C.G.S. (G.S. 44A-26, 143-129) or a cash deposit, certified check or government security for the full contract amount prior to the work being performed. After the contractor signs the documents, the Department shall route the contract for the City Manager's signature (as set forth in Sec. 3 of the FCTF) and electronic approvals and posting to the general ledger. Final award on the project should

be communicated to the Minority Business Program Coordinator as soon as possible for future reporting purposes.

8. The Department can issue a (notice to proceed) after the City Manager signs the contract.
9. The Department shall attach all contract documentation electronically for processing and notify the Purchasing Division after issuing the notice to proceed.
10. **You must have written permission from the Contract Administrator to deviate from this policy.**

## **SECTION 5.0 GENERAL SERVICE CONTRACTS**

### **5.1 DEFINITIONS:**

- (a) **General Services** – General Services consist of all other services not defined by North Carolina General Statute and include maintenance agreements, contracts for semi-skilled and unskilled labor and contracts for services not covered by the Professional Services definition. Examples of these types of services include but are not limited to towing, leaf removal, elevator repair, lot cleanup, demolition, sludge removal, graphic design services, instructors, consultants, healthcare services, legal services and similar activities. For the purposes of this policy, General Services with a negotiated value of above \$5,000 shall be subject to the procedures set forth in Sec. 5.4 and are applicable to all such contracts except as specifically exempted below.
- (b) **Living Wage** – A Living Wage is a wage that allows a worker to meet basic needs and satisfactory living conditions. The amount of the Living Wage shall be set annually via Resolution by the Asheville City Council. The cost of paying of a living wage in conjunction with a City contract is expected to be paid by the City as a part of the fee for service.
- (c) **Urgent Service & Repair** - Situations that are detrimental to the health, safety, and well-being of the people, or property in jeopardy outside declared emergencies that may require urgent services/repairs.

### **5.2 CONTRACT AUTHORITY:**

- (a) **All General Service contracts above \$5,000** - All contracts and change orders must be in writing and have the pre-audit certification completed by the Chief Financial Officer. All contracts are to be submitted for electronic approvals in MUNIS and posting to the general ledger.
- (b) **General Service contracts of less than \$30,000** - In the interest of an efficient and prudent policy, the City Manager delegates a part of his or her contract approval authority to each Department Head, based on a monetary value of \$5,001-29,999.99. In such cases, it is the responsibility of each Department Head to use the authorized selection process and to maintain appropriate and necessary contract documentation. Department Heads are hereby authorized to approve General Service contracts under \$30,000. Department Heads are allowed to sign all change orders for said contract so long as the change orders do not increase the revised contract amount to more than \$29,999.99 and otherwise comply with the law. All change orders where the revised contract amount is \$30,000 and over must be signed by the City Manager.
- (c) **General Service contracts of more than \$30,000 and less than \$90,000** - The City Manager is authorized by the City Council to approve, award and execute service contracts up to \$89,999.99 without City Council Approval. The City Manager can sign change orders to contracts without Council approval when the total contract amount including the change order is under \$90,000. The City Manager is also authorized to sign change orders on contracts \$90,000 and over when the original amount plus the change order does not exceed the amount authorized in the resolution adopted by City Council.
- (d) **General Service contracts of above \$90,000** - All General Service contracts \$90,000 and over must have City Council authorization before executing the contract. Any change order which raises the

total contract amount \$90,000 and over must have City Council approval. Change orders which exceed the budgeted amount in the resolution regardless of the dollar value must have City Council approval.

### **5.3 CONTRACT REQUIREMENTS:**

- (a) **Length of service contracts:** General Service contracts should ordinarily terminate at the end of the project, or projects, for which they are awarded. However, in those instances where contracts are awarded on an on call or continuing basis they may be awarded for a period of three (3) years with two (2), one (1) year, extensions. General Service contracts may be extended for additional periods with the approval of the City Manager.
- (b) **Insurance requirements:** See Section 1.3(a) of this policy.

### **5.4 PROCEDURES:**

- (a) **General Service contracts of less than \$30,000** - The Department Head is authorized to enter into such a contract. The Department Head is required to insure that the funds are budgeted and encumbered and the contractor has proper insurance. The Department will make sure that the pre-audit statement is signed by the Chief Financial Officer. The Department will forward the executed original contract to the City Clerk, keep a copy of the contract for its records and attach a scanned copy of the contract documentation in MUNIS, route for approvals and then posting to the general ledger by the Contract Administrator. Review by the Risk Management Division, the City's Legal Department, and the Minority Business Program is not required in this threshold; however, minority business outreach is encouraged. Assistance with minority business outreach can be provided by the city's Minority Business Coordinator.
- (b) **General Service contracts of more than \$30,000 and less than \$90,000** – For contracts of \$30,000 or more but less than \$89,999, the Department shall attempt to get three informal quotes for the project from three different service providers. To fulfill the City's outreach requirements set forth in its Minority Business Plan, requests for quotes for services that fall within this threshold are required to be posted to the State of North Carolina Interactive Purchasing System (IPS) for no less than five (5) business days before an award for the service is made. More information about the State IPS can be found at <https://www.ips.state.nc.us/ips/Default.aspx>.

The terms and conditions for contracts within this threshold shall contain a provision that the vendor is required to pay a Living Wage to employees who carry out duties specific to the completion of the contract. The Living Wage shall be defined annually via City Council Resolution, and the City's standard terms and conditions shall be updated annually to reflect that wage. It is the intent of the City of Asheville to pay the additional cost of incorporating a living wage into General Service contracts. Therefore, the department shall award the contract to the "lowest responsive/responsible bidder," taking into consideration compliance with the Living Wage policy.

The Department will prepare a contract and scan for electronic processing and route it for the necessary approvals, including required review and approval by the City Risk Management Division and the City Legal Department. After required reviews have been completed and documented, the Department will route the contract for the City Manager's signature. The Department will forward the executed original contract to the City Clerk, keep a copy of the contract for its records and

attach a signed copy of the contract documentation in MUNIS and then posting to the general ledger by the Contract Administrator.

- (c) **General Service contracts above \$90,000** - Service Contracts of \$90,000 or more will follow the procedures outlined above in Sec. 5.4.b. but also will require a resolution by City Council authorizing the City Manager to enter into said contract.
- (d) **Urgent Service & Repair** – The procedures outlined in this policy should be followed as closely as possible during urgent situations. The Department Head or designee should advise the Purchasing Division of the urgent situation as soon as practically possible. Urgent contract numbers shall be assigned to each Department on an annual basis by the Purchasing Division. The Purchasing Division can supply a contract number during normal business hours. Departments can use an urgent contract number assigned to your department after hours. The urgent contract should be entered into MUNIS on the next business day referencing the urgent contract number. Any urgent service and repair contracts over \$30,000 must be communicated by the Department Head to the City Manager.

**5.5 EXCEPTIONS:** The following contracts are exceptions of this Policy.

- (a) **Leases with an Option to Purchase or Lease Purchase Agreements:** Leases with an option to purchase or lease-purchase agreements *are not* service contracts but are contracts for the purchase of equipment. Depending on the dollar value of the lease, department should use the Small Procurement Transaction guidelines in Sec. 2.0 or Purchasing process guidelines in Sec. 6.0 of this policy for these transactions.
- (b) **Civic Center Leases and Promotions:** The Civic Center Director shall continue to have the authority to execute facilities lease agreements, food service provider agreements, advertising agreements and to promote or co-promote events on behalf of the City of Asheville at the Asheville Civic Center, in accordance with State Public Bidding Laws. In instances where such proposed agreements are of major economic or public interest significance for the City, and the community, the Department Head shall seek advice and concurrence from the City Manager. These agreements shall be reviewed by Legal and filed with the City Clerk. When possible, minority businesses should be solicited in order to increase participation.
- (c) **Contracts Which By Their Terms May Be Extended:** A Department Head may recommend, in accordance with the contract authority in this Policy that a service provider may provide additional services pursuant to an existing contract where:
  - i. The original contract was entered into pursuant to this policy;
  - ii. The contract provides for an extension pursuant to the same terms and conditions contained in it; and
  - ii. The contract contemplates the additional services to be provided.
- (d) **Other Contracts:** Other contracts exempted from these requirements include: (1) services from regulated utilities such as but not limited to Electric, Water, Sewage, Gas, NCDOT and Railroad Utilities, (2) service agreements with other governmental units, (federal, state and county) (3)

services needed to protect public health and safety in time of emergency, (4) services regulated by other State, Federal or local laws, and (5) services by bond counsel or other specialized, or performance related, areas of legal expertise.

## **SECTION 6.0 PURCHASING OF APPARATUS, SUPPLIES, MATERIALS, OR EQUIPMENT**

### **6.1 DEFINITIONS**

- (a) Requisition** - A request to purchase that is entered into MUNIS and requires approval within MUNIS workflow
- (b) Purchase Order (PO)** - An order converted from the requisition. The PO is sent to the vendor from the Purchasing Division to communicate the contract to purchase.
- (c) MUNIS** - ERP/Financial system used by the City.
- (d) Change Order** - A requisition entered into MUNIS against the “change order vendor (# 9999)” detailing the needed changes. The change order shall include the PO number that needs to be changed, the line number to be changed, price changes to the item, additions or deletions, etc. The Change Order follows the same work flow approval as the original requisition.
- (e) Mercury Commerce (MC)** - On-line bidding method used by the City. Bids are posted on-line and vendors access Mercury Commerce to submit their bids. MC compiles bid information and prepares of bid tab for the Purchasing Division to evaluate.
- (f) Disposal of Surplus** – Personal city property for which the city no longer has a need valued up to \$30,000.
- (g) Urgent Procurement or Purchasing Needs** - Situations that are detrimental to the health, safety, and well-being of the people, or property in jeopardy outside declared emergencies that may require urgent purchases.

### **6.2 AUTHORITY**

- (a) Requisitions over \$5,000** - Shall be approved in MUNIS by the Department Head or their designee. Instructions on how to enter a requisition can be found on the Intranet under BTIP Project Update-Training Documentation.
- (b) Purchase Orders** – The authority to bid and award all apparatus, supplies, materials or equipment for use by the City has been delegated to the City’s Purchasing Manager when an appropriation for such purpose has been authorized in the annual budget, approved supplemental appropriation or budget appropriation. The City’s Purchasing Manager will be responsible for coordinating the appropriate Risk Management and Legal reviews for these transactions.

### **6.3 REQUIREMENTS**

- (a) Requisition** - To begin the purchasing process, a requisition must be entered in MUNIS. The approved requisition is the authority for the Purchasing Division to initiate quotes or bids.
- (b) Specifications** – Departments are responsible for developing the minimum technical requirements (specifications) for the items they wish to purchase.

- (c) **Vendor Recommendations** – Departments are encouraged to provide a contact list of vendors for outreach purposes.
- (d) **Purchases of \$5,000 up to \$30,000** – Require only a phone quote that is documented or a paper quote. Quotes may be awarded immediately and are public information. Purchasing is responsible for this process.
- (e) **Purchases of \$30,000 to \$90,000 (Informal Bids)** - Purchases in this range are covered by N.C.G.S. §143-131. Once informal bids are received and evaluated, the Purchasing Division may award. Bids are not required to be sealed and may be faxed, e-mailed, delivered or mailed. There is no public bid opening, and bids in this range are not public information until after award.
- (f) **Purchases of \$90,000 and above (Formal Bids)** – Purchases in this range are covered by N.C.G.S. §143-129. Bidding is required for formal bids and must be advertised for at least ten (10) days. Bids must be sealed and a public bid opening is held. Bids become public information once opened. Purchasing is delegated the authority to award.
- (g) **Urgent Procurement or Purchasing Needs** – The procedures outlined in this policy should be followed as closely as possible during urgent situations. The Department Head or designee should advise the Purchasing Division of the urgent situation as soon as practically possible. Urgent POs shall be created on an annual basis by the Purchasing Division. The Purchasing Division can supply a PO during normal business hours. The urgent requisition should be entered into MUNIS on the next business day referencing the urgent PO. Any urgent purchases over \$90,000 must be communicated by the Department Head to the City Manager for City Council ratification.

#### **6.4 PROCEDURES**

- (a) **Purchases from \$5,000 up to \$30,000** – Purchasing shall solicit quotes and make every effort to acquire three quotes for comparison and competition.
- (b) **Purchases from \$30,000 up to \$90,000 Informal Bids** - N.C.G.S. §143-131 requires contracts in the informal bidding category be awarded to the “lowest responsible bidder, taking into consideration quality, performance, and the time specified in the bids for performance of the contract.” It is the duty of the Purchasing Division to keep a record of all bids submitted, and such records are not subject to public inspection until the contract has been awarded.
- (c) **Purchases estimated more than \$90,000 Formal Bids** - N.C.G.S. §143-129 requires contracts in the formal bidding category be awarded to the “lowest responsible bidder, taking into consideration quality, performance, and the time specified in the bids for performance of the contract.” Formal Bids are opened in public and bid information become public information at that time. Bids are then reviewed to determine award.
- (d) **Term Contracts** - Term Contracts (TC) are bids for purchased items that are used by multiple departments and/or divisions or are purchased on a routine basis. The bid establishes a firm price for a particular time frame. If the individual orders are less than \$5,000, the Small Procurement process maybe used. TC do not require requisitions, and sign off must come from using department on specifications and annual usage.
- (e) **Exceptions:** Contact the Purchasing Division for assistance with the following purchases.

- i. **Purchase of Information Technology Goods and Services** N.C.G.S. §143-129.8 Allows a Request for Proposal (RFP).
- ii. **Best Value Procurement** - N.C.G.S. §143-135.9 allows exceptions to the bidding procedure.
- iii. **Fuel** - The purchase of gasoline, diesel fuel, alcohol fuel, motor oil, fuel oil or natural gas may be bid per the Informal Process.
- iv. **Leases with an Option to Purchase or Lease Purchase Agreements**
- v. **Others such as:** NC State Contracts, GSA Schedule Contracts, US Communities, NJPA, and other buying groups that solicit competitive bids for more than one entity.

**6.5 EXCEPTIONS TO FORMAL BIDDING/COUNCIL APPROVAL REQUIRED**

- (a) **Lack of Price Competition, Sole Source, Standardization (N.C.G.S. §143-129 (e)(6))** – (i) Performance or price competition for a product are not available; (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration.
- (b) **Waiver to Bid (“piggyback” N.C.G.S. §143-129 (g))** - When City Council determines that it is in the best interest of the City, the formal bidding requirements may be waived for the purchase of apparatus, supplies, materials, or equipment and a contract from any person or entity that has, within the previous 12 months, after having completed a public, formal bid process substantially similar to that required by this Article, contracted to furnish the apparatus, supplies, materials, or equipment may be used. An advertisement to waive bidding must be published once, at least 10 days prior to the Council Meeting.

**6.6 FORMAL BIDDING PROCESS:**

1. Using department develops specifications and confirms availability of funds.
2. Using department enters requisition for approval in MUNIS. Specifications may be attached to the requisition or emailed to the Purchasing Division.
3. Purchasing Division prepares bid (including trade-ins), solicits vendor participation (including Mercury Commerce), advertises via NC State IPS website and the City’s Purchasing webpage. Advertisements are required to be posted at least 7 days prior to the bid opening date. Bids for high dollar specialized equipment, fire apparatus, etc may include a requirement for a bid bond or a performance bond at the discretion of the using department.
4. Any addenda will be published by the Purchasing Division and extensions to due dates may become necessary. Addenda shall always be communicated in the same manner the original bid was published.
5. Bid Openings will be conducting by Purchasing or (on-line at MercuryCommerce.com) depending upon the method of solicitation.

## **6.7 DISPOSAL OF SURPLUS:**

- (a) Requirements** - North Carolina General Statute 160A Article 12 Sale and Disposition of Property sets methods and limitations for the disposal of real or personal property. This statute says that a city may dispose of property by (a) private negotiation and sale (b) advertisement for sealed bids (c) negotiated offer, advertisement, and upset bid, (d) public auction or (e) exchange. The statute authorizes the establishment of an electronic auction procedure which the city has approved.
- (b) Under \$30,000 in value** - The disposal of City owned personal property valued under \$30,000 has been delegated to the Purchasing Division (Resolution No.07-118). If a Department or division has items declared as surplus, the designated property control officer completes the disposal forms for Department Head approval. Forms are then routed to the Purchasing Division.
- (c) Above \$30,000 in value** - If the personal property if value over \$30,000, the Purchasing Division will work with the Department to prepare a package for City Council approval.