



Materials Management PROCUREMENT 101...

What Does Purchasing Oversee

➤ Each City is Unique In How Purchasing Is Set Up and What Authority They Have.

- Contracts and Agreements
- Revenue generating contracts
- Leases
- Every expenditure of public funds
 - City Charter
 - City Code – Procurement Code
 - Procurement Guidelines
 - Terms and Conditions
 - Insurance



Where Does the Authority Come From



- City Charter
- City Code – Procurement Code
- Procurement Guidelines

Authority

- ▶ Legislative (LCON)
- ▶ Administrative (ACON)

- ▶ City Council
- ▶ City Manager
- ▶ Purchasing Manager



Legal Requirements

- What Goes to Council
- Administrative Thresholds
- Advertising
- City Website
- Terms and Conditions
- Insurance
- Protest Procedures



Insurance Requirements

- ▶ Risk Management
- ▶ For Contract Services
 - Insurance is part of contract requirements
- ▶ For Non-Contract services
 - End user is responsible for making sure insurance is in place before work is done



Legal Review

- City Attorney
 - Approved As To Form
- City Clerk
 - Attested By



Which Law Applies to the Purchase

- Federal Law
 - Grants
- State Law
 - Title 34 Construction
- City Law

Legal

Permitted by law
lawful, allowed, recognized
or not in violation of law
in conformity with state
regulations, principles,



Fiduciary Responsibility

- Purchasing is held to a higher standard
 - The City gets a fine
 - The Purchasing Agent can go to Jail
 - The Purchasing Agent can be fined
 - The Purchasing Agent can be barred from being a purchasing agent



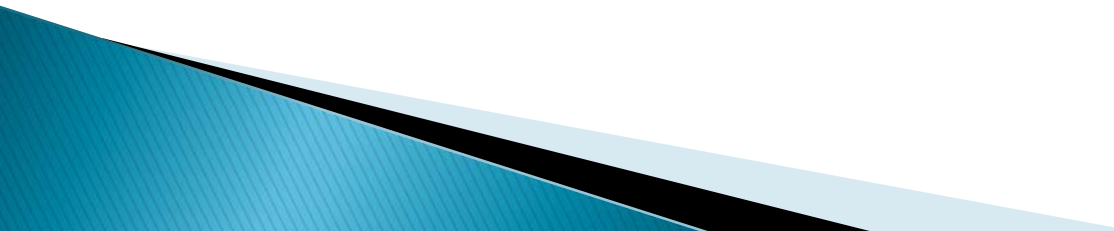
Bid Thresholds



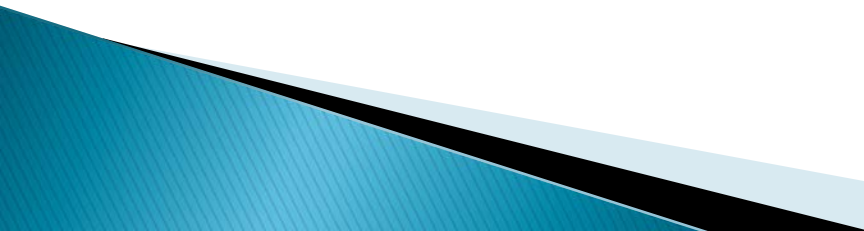
The City of Peoria's procurement process is based on the “Procurement Code” ordinance passed by city council. The amount of the annual expenditure for a specific commodity or service determines the level of competition required and the responsible party.

Dollar Limit	Responsible Party	Competition
\$0 – \$4,999	Requesting Department	None
\$5,000 – \$49,999	Department or Materials Management	3 documented quotes (phone or RFQ)
\$50,000 – \$99,999	Department or Materials Management	Minimum 3 written quotes on vendor’s letterhead
\$100,000 and over	Materials Management	Formal process

Each City Is Unique

- Different bid thresholds
 - State Procurement Code versus City Code
 - Different vendor registration processes
 - State does everything on-line
 - Each City website is different
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- City, County, State purchasing departments
 - County = Maricopa, Pima, Pinal, Yavapai
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Purchasing Structure

- ▶ Centralized
 - All purchasing decisions and actions are done within the purchasing department
 - ▶ Decentralized
 - Some purchasing is delegated to individual divisions or departments such as small dollar purchases under \$5,000.
 - Or
 - Most purchasing is done at the division or department level with purchasing just providing general oversight and guidance.
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Purchasing Structure

▶ Checks and Balances

◦ Audits

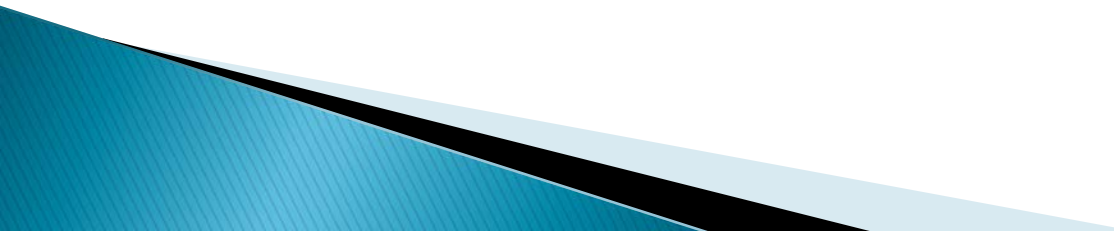
- Internal and External

◦ Oversight


- Purchasing Manager, Purchasing Director, Finance Director, CFO
- Signature Authority
- Purchase Order Dollar Levels of Authority for Divisions and Departments.
 - Supervisors – \$0 to \$9,999
 - Managers – \$10,000 to \$24,999
 - Directors – \$25,000+



Methods

- ▶ Phone Quotations
 - ▶ Written Quotations (RFQ)
 - ▶ Formal Solicitations
 - ▶ Cooperative Agreements
 - ▶ Reverse Auctions
 - ▶ APDM Construction
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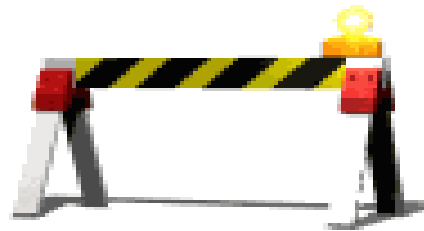
Cooperative Purchasing

- Each City Has Their Own Specific Rules on Cooperative Purchasing
 - Strategic Alliance for Volume Expenditures (S.A.V.E.)
 - Mohave Contracts
 - Maricopa County Contracts
 - State of Arizona Contracts
 - U.S. Communities Contracts
 - Western States Contracting Alliance (WSCA)
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Procurement Language

Construction

- Low Bid / price is the only factor
- Qualification Based Selection Processes:
 - Design/Build
 - Construction Manager at Risk (CM@Risk)
 - Job Order Contract (JOC)
 - Request for Proposal (RFP) used for A/E services
 - Statement of Interest and Qualifications (SIQ) used for Design/Build, CM@Risk, JOC and A/E services

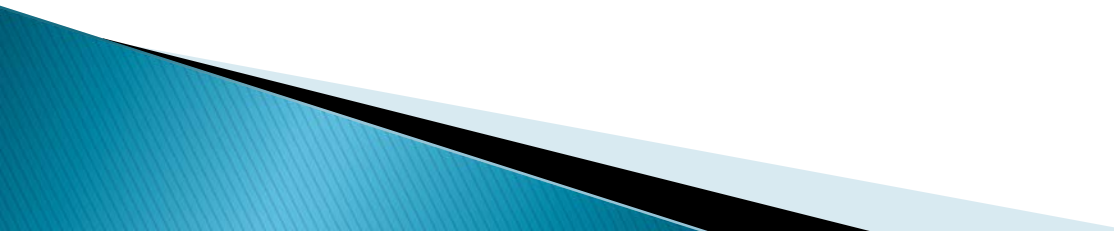


Timelines

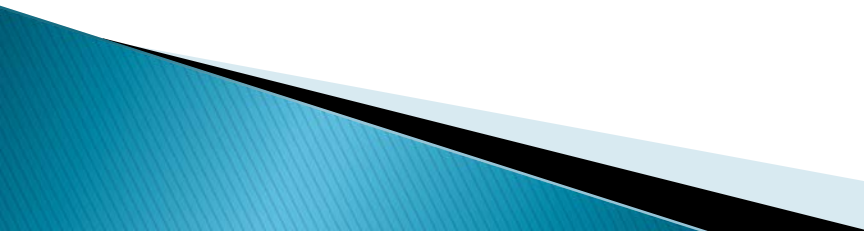
- ▶ From receipt of request, award by Council, and generation of the Purchase order
- ▶ Materials Management – 2 Weeks
- ▶ City Attorney review if needed – 2 Weeks
- ▶ Department Review – 1 day to ?
- ▶ Advertise and Post on Website



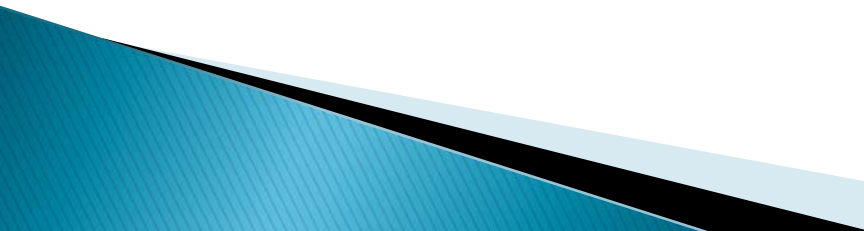
Timeline Cont.

- ▶ Number of Days to Leave Out For Response
 - ▶ RFQ – 1 day to 3 weeks
 - ▶ IFB – 1 to 4 weeks
 - ▶ IFB Construction – 2 to 6 weeks
 - ▶ RFP – 2 to 6 weeks
 - ▶ SIQ – 2 to 4 weeks
 - ▶ SIQ, Design Build, CMAR & JOC – 3 to 4 weeks
 - ▶ RFI – 2 to 4 weeks
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Scope of Work/Specifications

- ▶ The Department needs to provide as much information as possible. On Master Plans, Professional Services, Architectural and Engineering services, we specifically need a detailed scope of work.
 - ▶ On commodities, we need a very detailed specification that does not specify a particular brand or product, but merely defines the intended use and quality.
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Change Orders

- ▶ When do you need to do a change order ?
 - ▶ When does a change order need to go to Council ?
 - ▶ Control Measures on Change Orders
 - Has to be within budget
 - Cannot exceed 10% of project, otherwise back to council for approval
 - Type of Change Order, owner initiated or unforeseen conditions or ?
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Ethics / Gifts / Disclosure

- ▶ NIGP Code of Ethics
- ▶ City Code of Ethics
- ▶ Headline Test
- ▶ Gifts, when not to accept them
- ▶ Disclosure, when can you tell them the other vendors pricing



Check Requests Versus P.O's

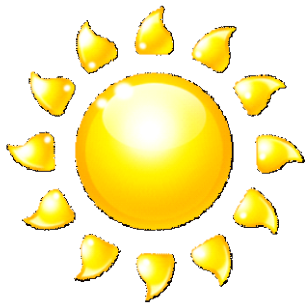
- ▶ Appropriate Check Request Usage
- ▶ When a Check Request Should Not be Used





FY18 Statistics

- Purchase Orders – 6,872
- Dollars Spent – \$ 122 million
- Design/Construction – \$ 59 million
- Formal Contracts – 52
- Agreements – 366
- Procurement Cards – \$1,391,068
- Pro-Card Transactions – 7,483



THE END

