

PURCHASING POLICIES AND PROCEDURES

CITY OF WORCESTER, MASSACHUSETTS

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INTRODUCTION

This manual has been developed to serve as a guide and reference source for all departments and agencies of the City of Worcester regarding the purchase of goods and services. The policies and procedures defined within are in accordance with state statutes (MGL c. 30B, c. 30 SS39M, c. 149, c. 7) and city ordinances/regulations and are intended to cover a broad range of issues and responsibilities pertinent to the procurement process. To fully understand the purchasing function, it is vital that a number of key objectives of the Purchasing Division be stated:

- A) To procure materials, supplies, equipment and services (through open and fair competition) at the lowest possible cost consistent with the quality necessary for the proper operation of the various departments, thereby attaining the maximum value for each public dollar spent.
- B) To maintain and honor the City's reputation for fairness and integrity and to promote impartial and equal treatment to all who wish to conduct business with the City.
- C) To encourage a mutually cooperative relationship with requesting departments in order to facilitate and maintain fair, consistent and expansive procurements.
- D) To promote and encourage the use of small, Worcester-based businesses in addition to Minority, Women and Veteran-owned companies whenever and wherever feasible while maintaining quality and contractual integrity.

RELATIONSHIPS WITH VENDORS

There are a number of ethical considerations that must be strictly upheld between public employees and the City's contractors and vendors. Integrity and impartiality are two of the most outstanding qualities that must be maintained in the conduct of employees. Conflicts of interest and favoritism must be strictly avoided. City employees are forbidden to solicit or accept any gifts or favor from anyone seeking to conduct business with the City. Any approach of such nature should be refused and reported immediately to the Purchasing Agent. In addition, no official or employee of the City of Worcester may be pecuniarily interested in any proposal or contract with which the City engages.

PURCHASING AGENT / CHIEF PROCUREMENT OFFICER

The Purchasing Agent (PA) serves as the City's Chief Procurement Officer (CPO) and is responsible for executing the statutes, regulations and policies relative to the acquisition of goods and services, for directing and supervising the operations of the Purchasing Division and for establishing policies concerning the procedures involved in the procurement of goods and services. The CPO is responsible for all activities related to buying, leasing, renting or otherwise acquiring supplies or services for all departments **regardless of the dollar value**.

PA shall retain final determination regarding whether or not to issue a bid or request for proposals for all goods & services. PA shall also reserve the right to request bids for products or services

rather than buying through a cooperative contract or using the sound business practices provision. (Sound business practices is defined as ensuring the receipt of a favorable price by periodically soliciting price lists or quotes) Responsibilities for maintaining the overall operation of the division are delegated at the discretion of the Purchasing Agent as he / she sees fit

REQUISITION / PURCHASE ORDER PROCESSING

All purchase requisitions for goods and services shall be entered electronically in the Purchasing module of the City's financial management system for processing in accordance with M.G.L. Chapter 30B requirements. The exception would be goods and services requiring quotes or bids or capital and/or certain grant purchases that must be on hard copy requisitions pre-approved by the Budget Office.

- 1) Over \$50K estimate – sealed bids or proposals will be required. Two weeks' advertisement time is the minimum.
- 2) \$10,000 - \$49,999 estimate – written or verbal quotes must be obtained/approved by the Purchasing Division.
- 3) \$1 to \$9,999 * – to be processed under state statutes and city ordinance requirements. Requesting departments may recommend sources for the purchase of goods and services. Departments may be requested to demonstrate that sound business practices (*refer to definition on previous page*) were used for these purchases.

* any requisition over \$ 5,000 will require a copy of the written quotation associated with it. Purchasing reserves the right to return/cancel the requisition if it is determined that pricing is not fair or similar to that of others. Applicable prevailing wages will also be required if the work is considered public construction (please check with Purchasing on any questions relative to what is considered construction work).

Purchasing personnel will process requisitions through recommended sources or alternative, more cost-effective sources if possible. Departments are welcome to offer lists of suppliers or distributors of the products and/or services needed.

Requisitions must not be received as confirmations for encumbrance as Purchasing personnel may change supplier from that which is recommended from requestor. All requirements for goods and services **MUST** have a prior purchase order issued. If there is a compelling reason to use only that supplier recommended, please indicate so on requisition and state reasons why.

As stated above, all requisitions exceeding \$10,000 must be quoted/bid and/or approved by the Purchasing Division to ensure compliance with public bid laws. It will not be acceptable to split requisitions to avoid the competitive process. For example, if Department X requires 2 printers @ \$6,000 each, it will not be acceptable to forward one requisition for a printer this week and another for the second printer the next week to purposely avoid the quotation process.

Please note that the City is not responsible for any goods and/or services without a proper purchase order in place. It is incumbent upon the department and its members to ensure

the presence of a valid purchase order PRIOR TO ordering goods or using a vendor's services.

Having a purchase order in place upholds the integrity of the transaction and protects both the vendor and, most importantly, the City. Moreover, invoices that are dated prior to the issuance of a purchase order may be rejected thereby further delaying the payment process. The approval form for an invoice dated prior to issuance of purchase order (as well as other Purchasing forms) are available on the City's intranet. PA is under no obligation to approve any such payment request and consistent delinquency in this regard will result in rejection of the payment approval request. Departments must police their own employees to ensure this policy is being adhered to. It is not acceptable to continually violate this requirement.

REQUISITION PREPARATION

Complete and accurate information is necessary to allow for the most expedient processing possible. Failure to provide the required information listed below may result in the return of the requisition for corrections or updating. Items requested should be purchased from an existing contract, City or otherwise. When outside of a City contract, departments may be required to provide further explanation as to the details of the purchase. This request will be at the discretion of PA.

Departments may enter requisitions as blanket purchase orders using existing City or cooperative contracts in order to have an open PO in place for immediate, emergency and/or recurring needs. The use of these blanket purchase orders is expected to be limited in nature, especially for non-contract items. Departments may not continuously enter blanket orders as a means to engage vendors for goods or services. Departments may request a price quote from a vendor (on contract or not), for the goods and services needed and enter a requisition for that specific item/amount. PA will monitor the use of blanket purchase order requests and may inquire as to the need for a particular blanket PO. PA may also require quotes depending on the nature of the request and the terms and conditions of the contract.

To ensure compliance in providing the necessary information required, the following must be indicated on the requisition:

- A) Name of Requisitioning Department
- B) Requisition Date
- C) Account / Organization Cost Distribution
- D) Estimated Purchase Order Amount
- E) Quantities, Units of Measure and Description
- F) Signature of Requesting Department
- G) Recommended Sources, if any
- H) Requisition Reference Number, if any
- I) Bid and/or Contract Number
- J) State or Cooperative Contract Number and/or Terms & Conditions

STATE / COOPERATIVE CONTRACTS

Departments may make certain purchases from state and/or cooperative procurement contracts. It is the department's responsibility to provide the Purchasing Division with all of the relevant information so that PA can make an informed decision and determine the validity of the purchase. Departments must ensure that the product and/or service is/are available under the particular contract and that no additional bid or quotation process is required under the contract. Departments must also be able to demonstrate that the purchase being made via this state / cooperative contract is cost-effective to the City and not just the most convenient way to make said purchase. Please note that multiple quotes are required on many state contracts so diligence is required by the department requesting to utilize the state / cooperative contract.

As noted on page two of this manual, PA may determine that quoting/bidding the good or service is in the City's best interest. In those instances, bid specs will be prepared by the requesting department and Purchasing will conduct a bid process. This will be at the discretion of PA.

Please contact the Purchasing Division if you have any questions or concerns about using a particular state or cooperative contract versus a City-issued bid process. We will be happy to work with you in these instances but must also ensure that City procurement objectives and regulations are taken into consideration.

All requisitions and/or requests for purchase via these contracts must include a copy of the quote(s) and include a reference to the applicable contract, contract number and terms and conditions.

SPECIFICATIONS

When goods or services are purchased under the formal competitive bidding process, specifications must be prepared. Adequately prepared specifications should serve to:

- A) Maximize competition in an open and fair manner
- B) Be capable of objective review
- C) Provide for an equitable award at the lowest possible cost

Specifications should be written with clear and concise language, free of vague terms or those subject to variation in interpretation. Any critical dimensions, any minimally acceptable performance characteristics or quality requirements should be precisely described.

Caution must be taken to avoid the imposition of unnecessary restrictive conditions which would result in disqualifying an otherwise acceptable product or service. In addition, specifications must not be written so as to specify a product or a particular feature of a product unique to one vendor thereby precluding fair and open competition.

Proprietary specifications which rely on the use of a company or brand name to describe the supply or a service may be used only if no other manner of description suffices. If a proprietary specification must be used, written justification must be provided by the department as to why it is necessary to do so. The acceptance/approval of this justification will be at the discretion of the Purchasing Agent.

The final responsibility for the adequacy of submitted specifications rests with the Purchasing Agent. If the specifications received are vague or obscure or potentially limiting to such degree that competition is precluded, the buyer may return the specifications to the department for further clarification or revision.

The Purchasing Division forwards one copy of every bid request to the designated department contact person of the requesting agency. Please review this document upon receipt and advise in writing immediately of any revisions or corrections that must be made.

INVITATIONS FOR BID / REQUESTS FOR PROPOSAL

Notices of invitations for sealed bids or requests for proposals for commodities and services purchased by the City of Worcester are published in the Legal Advertisement Section of the Worcester Telegram and are publicly posted on the bulletin board of the Purchasing Division. They are also located on the Purchasing Division website (www.worcesterma.gov) for download or can be obtained by visiting the Purchasing Division.

We also use an email notification system to advise bidders of all bid postings. Information regarding our registration system is available on our webpage.

AWARD

It is the policy of the Purchasing Division to issue awards to the lowest responsive and responsible bidder, quoting in accordance with specifications. In determining such, consideration should be given to the following criteria:

- A) The ability, capacity and skill of the bidder to provide the goods or services required as stipulated in the specifications of the Invitation for Bid.
- B) The capacity of the bidder to provide the services promptly or within required time periods without delay or interference.
- C) The quality of performance of previous contracts or services.
- D) The financial resources and the ability of the bidder to provide the service or product.

In the event that the originating department recommends award to anyone other than the lowest responsive bidder, written justification must be provided. Denial of award to the low bidder must be substantiated by specifics with final determination made by the Purchasing Agent.

IDENTICAL LOW BIDS

In the event of identical and responsible low bids, preference will be given to Worcester vendors with small, minority or women-owned business receiving first consideration. The next qualifying

determinant will be Massachusetts vendors over out-of-state vendors. If there is a tie for the low bid between non-Massachusetts vendors, preference may be given to vendors offering goods made in the United States. A last resort method of determining an award will be by random drawing of all tie bidders who are low.

LATE BIDS

Bids which arrive at the Purchasing Division after the due date & time indicated on the Invitation for Bid are not considered. Such bids are kept on file with notice sent to the vendor that their submittals did not arrive at the specified date and time.

MINOR DEFECTS ON BIDS

A minor defect on a bid submittal is one where the result is merely of form and not of substance. The critical determinant of minor defects must be that the error or variation is not prejudicial or preferential to other bidders and that it may be waived or corrected without effect upon substantive elements of the bid such as, but not limited to, price, quality, payment terms or delivery schedule. Resolution of minor defects on bids will be determined by the Purchasing Agent.

SOLE SOURCE PURCHASES

Competitive bidding requirements may be waived in circumstances when it is clearly determined that there is only one vendor capable of providing a particular good or service. Such instances must be substantiated by the requesting department head and must also be documented in writing to the Purchasing Division. It is the department's responsibility to certify to the Purchasing Agent that only one company can provide the supply or service that is required. A recent letter from the product manufacturer stating that they are the sole source for the item/service may also be requested by PA. Final determination will be made by the Purchasing Agent.

Sole source purchasing should absolutely be kept to a minimum as any situation which reduces or eliminates competition is unfavorable to the City's efforts in attaining the best possible pricing. It should be noted that sole source does not mean preferred source but rather the only source capable of meeting minimally acceptable requirements.

Please note that, except for a few circumstances (school textbooks, library books/periodicals, software maintenance agreements are some examples), purchases valued at \$ 50,000 or more require bidding, even if it is considered a sole source purchase.

BIDDER PROTESTS

Any bidder indicating the intent to protest must be referred immediately to the Purchasing Division. Bidders will be informed to submit their contentions in writing, detailing the reasons for protest. The Purchasing Division will determine the basis for protest and respond in writing.

Vendor protests generally involve contention that an award was made which was not based upon the criteria or specifications set forth in the Invitation for Bid or that partiality was a determinant factor in the decision to award. For such reasons, it is imperative that all bids received be examined directly and without favoritism.

BLANKET CONTRACTS

Blanket contracts are contracts in which a vendor agrees to supply an estimated amount of commodities or provide an anticipated amount of service for a definite period of time at a fixed unit price.

The majority of goods purchased and services rendered are a result of blanket contracts rather than through individual purchase requisitions. The purpose of blanket contracts is to allow the City to have the potential of receiving better prices by offering larger quantities to vendors rather than issuing individual bids each time a recurring need arises.

It must be emphasized that when needs are determined for the period to be covered by the blanket contract that reliable and accurate estimates be provided. Departments must be certain to project usages in as accurate a manner as possible for two primary reasons. If the estimate is too low, the unit price bid may be higher than necessary or if the estimate is too high, the awarded vendor may suffer by having a bid so low that the projected volume which never occurs may result in a loss for the vendor. Likewise, only items that are truly anticipated to be purchased in the upcoming contract period should be included in blanket bidding. Including an item in a blanket contract "just in case" it is needed is not only inefficient purchasing, but it serves to weaken the City's position in the marketplace on future competitive bidding. Purchasing staff shall periodically review blanket contract items and may require adjustments based on actual market conditions.

BLANKET CONTRACT RENEWAL PROCEDURE

Blanket contracts may include an option to renew at the sole discretion of the City.

Prior to the expiration of the existing contract, Purchasing personnel review the agreement to determine which course of action is in the best interest of the City. If it is in the City's best interests to renew, amendments are issued and executed to reflect such action. Departments are notified of all renewal activity. Should renewal not be a favorable option, the originating department(s) shall be notified of upcoming contract expiration via form P.D. 106. Departments are requested to forecast as accurate an assessment of projected needs as soon as possible and reply promptly to allow issuance of new bids. It is at this time that departments must review and update specifications. It is not acceptable to simply sign and return the PD106 form. A thorough, in-depth review must take place in order to ensure a proper contract is awarded. PA will return specifications to the department for review should, in the opinion of the PA, further evaluation be necessary. Failure to respond in a timely fashion may result in the absence of contract pricing and/or the cancellation of the requirement.

EMERGENCY / IMMEDIATE NEEDS PURCHASES

Occasionally, a situation occurs where a threat to the health or safety of persons or property necessitates the immediate purchase of the required commodity or service. In these instances, provisions are set forth to allow purchases directly from vendors without using formal purchasing procedures.

During office hours, a requisition should be entered into the City's HERA module of the financial management system and conveyed to the Budget Office in as prompt a manner as possible accompanied by an explanation describing the immediate needs of the goods or services and the recommended action. If an emergency or immediate needs situation is found to exist, the Purchasing Division may waive formal advertising requirements and solicit informal bids or quotes if possible. If solicitation of bids or quotes is not required, Purchasing will convert the requisition to a purchase order upon approval by the Budget Office.

During non-business hours, emergency situations that cannot wait until the beginning of the next business day must be approached in the most practical manner as possible. A purchase requisition accompanying correspondence must be entered on an immediate basis.

Be advised that true emergency situations are rare. Departments must take responsibility to anticipate situations before they develop into emergencies. **In addition, emergency measures allow only for the procurement of supplies or services necessary to meet the immediate needs or temporary resolution of a problem situation.**

DISPOSAL OF SURPLUS MATERIAL / PROPERTY

Material/Property considered to be surplus or obsolete must be reported to the Purchasing Division.

The first consideration of Purchasing is to determine whether the surplus material/property can be transferred to another agency that may need the item(s). At the discretion of PA, notification is made to any and/or all City departments of surplus available with the goods / property then transferred to the first responding department or agency. In the event that no response is received indicating a need for the particular material or property, bids will be issued to individuals and surplus or salvage dealers with award based upon the highest responsive and responsible bid obtained. These bids will be posted on our bid page, advertised as required by MGL and sent to multiple potential bidders. Bids may alternatively be posted to an auction site if authorized by PA. Note: only Purchasing may auction items.

City employees may bid on, and be awarded, surplus items, depending on the circumstances of the sale and at the sole discretion of PA. Employees may be required to file appropriate documentation in order to be awarded an item.

Under no circumstances shall any City owned property be disposed of by any means other than through the standard requisitioning procedure. This applies to old equipment, vehicles, pipe, lightpoles, etc. Departments are **NOT** allowed to surplus any items or materials on their own. All surplus material must be cleared through the Purchasing Division in the manner described above.

DELIVERY

All purchase orders issued specify pricing to be F.O.B. destination, City of Worcester, Massachusetts. This obligates the vendor to ship with no additional charge to the City. In addition, the goods legally remain the property of the vendor until delivered and accepted, therefore any loss or damage to the goods during shipment is incurred by the vendor.

Situations where vendors indicate unwillingness to comply with these terms should be brought to the attention of the Purchasing Agent.

INSPECTION / ACCEPTANCE

The receiving agency should immediately inspect the goods or a representative portion of them to ensure conformance to specifications. Any goods which fail to meet the established specifications must be rejected at once and the vendor promptly notified. Should the vendor refuse to deliver conforming goods or denies that the original product provided was non-conforming, the department or agency should notify the Purchasing Division at once.

In situations where only a partial lot is defective or noncompliant with specifications, the department may either withhold acceptance of the entire lot until conforming substitutes are provided or it may elect to pay only for the items which are acceptable.

PAYMENT

All invoices for goods and services rendered must be forwarded by the vendor to the responsible department or agency. It is the obligation of the department or agency to thoroughly examine each invoice for accuracy. Any pricing errors, deviations in quantities billed versus quantities accepted, unauthorized shipping or billing terms or other general discrepancies must be reported to the vendor immediately. Arrangements must be made promptly with the vendor to remedy any invoicing problems.

Invoices which are accurate and acceptable in all respects must be approved by the department or agency and forwarded at once to Auditing for payment. It cannot be emphasized enough that prompt and timely payments are crucial to the overall buying process. The ability of the City to maximize its purchasing potential is directly related to its timeliness in paying its bills. Failure to authorize and forward invoices for payment in an expeditious manner will serve as a disservice to the City.

Please ensure due diligence on your end of the payment process so that the City realizes the appropriate costs for all goods and services including any discounts.

VENDOR NONPERFORMANCE

Any vendor that consistently demonstrates unsatisfactory performance should be brought to the attention of the Purchasing Division. Examples of such may include late delivery, goods received which are nonconforming to specification, repeated billing errors, incomplete deliveries or unprofessional conduct. The Purchasing Division will review any and all performance issues and take the appropriate action which may include debarment from future bidding on City contracts or discontinuance of an existing contract.

All incidents of nonperformance must be summarized in writing to the Purchasing Division. It is only in this regard that substantiation is provided for possibly disqualifying a vendor for future bidding opportunities or for discontinuance of an existing contract. It is the department's responsibility to monitor, document and notify any vendor of continuing performance issues.

NON-PURCHASING CONTRACTS

For contracts that are not associated with a specific bid, RFP or contract issued/administered by the Purchasing Division, it is the department's responsibility to ensure that the contract complies with the City's Purchasing Policies. This includes any and all grant-related procurements. If a department is utilizing an exemption to the Uniform Procurement Act (MGL c. 30B) for said contract, they must document it and be prepared to offer an appropriate explanation regarding use of the exemption to Purchasing. Departments are strongly encouraged to contact the Purchasing Division directly on these types of procurements prior to advancing any contract or requisition.