



City of Phoenix

ADMINISTRATIVE REGULATION	A.R. NUMBER 3.10 Revised
	FUNCTION Page 1
SUBJECT GENERAL PROCUREMENT PROCEDURES	EFFECTIVE DATE May 5, 2009
	REVIEW DATE
	June 16, 2010

INTRODUCTION

Transmittal Message

This Administrative Regulation (AR) helps City government operate more efficiently by improving uniformity and consistency in the area of general procurement. AR 3.10 defines two levels of procurement based on dollar value and establishes corresponding approval processes. This AR is a primary point of reference for procurement activities across the organization.

Summary of Changes

The AR was revised to replace language regarding specific steps for contract processing with references to A.R. 4.21, which outlines in detail the City's process for executing contracts, agreements, and leases. Additional references to AR 1.85 (Acquisition to Information Technology were included), references to minority and women owned businesses were removed to reflect the City's sunset of the program on June 30, 2010.

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SECTION I General Guidelines

1. Purpose

The purpose of this Administrative Regulation (A.R.) is to establish uniform purchasing procedures for all commodities and services.

Additional guidelines may be required for public works projects as defined in A.R. 3.25, telecommunication projects as defined in A.R. 1.73, acquisition of information technology as defined in A.R. 1.85, and federally funded procurements. Federally funded procurements have unique requirements that should be overseen by departments receiving the funds.

2. Delegation of Authority

Procurement:

City Council approval is required for the procurement of:

- Commodities of \$50,000 and greater
- Non-Professional Services of \$50,000 and greater
- Professional Services of \$50,000 and greater

The department director or function head (or delegate) approval is required for the procurement of:

- Commodities less than \$50,000
- Non-Professional Services less than \$50,000
- Professional Services less than \$50,000

Contracts:

The department director or function head (or delegate) signature is required for all procurement contracts and amendments.

Each department/function is responsible for maintaining the appropriate Delegation of Authority Memos, indicating a list of individuals authorized to approve and sign procurement documents and contracts. Delegations of Authority Memos are to be filed with the City Clerk in accordance with A.R. 1.51.

Refer to A.R. 1.51 for additional policies on delegation of authority.

3. Departmental Internal Controls

Internal controls are a system of policies and procedures designed to provide reasonable assurance of compliance with this A.R. Each department/function is responsible for implementing sufficient internal controls and review procedures within their organization. The following elements are the minimum internal control requirements for each department/function:

1. Written procedures shall be readily available.
2. Internal controls shall be established to ensure that there is proper segregation of duties.
3. Supervision shall be provided to assure that approved procedures are followed.
4. Purchasing transactions are to be authorized and executed only by persons acting within the scope of their authority.

4. Budget Review and Approval

All purchases shall be reviewed and approved by the appropriate department/function personnel to assure that budgeted funds are available. Each department/function shall establish internal controls to assure that sufficient funds exist within their budget to cover its purchases. If sufficient funds are not available, A.R. 3.91 provides guidance on budget adjustments.

SECTION II Commodities & Non-Professional Services

1. Procurements \$50,000 and Greater

The following process shall be used for all commodities and non-professional services procurements and contracts where the value of the original contract is expected to be \$50,000 and greater.

A. Requisition Process

A Purchase Requisition is used to request the purchase of non-professional services, capital outlay, and commodities. A Purchase Requisition is not required to establish a Requirements Contract (contact Purchasing for assistance with Requirements Contracts).

The department/function responsibilities:

- Preparing the Purchase Requisition document on SAP or on the manual form
- Obtaining appropriate department/function approval
- Submitting approved requisition to Purchasing Division

B. Selection Process

All purchases in this category will be handled through a competitive sealed bidding process, except when the Purchasing Division decides to use existing government contracts (otherwise known as cooperative contracts). Cooperative contracts are beneficial because they incorporate the purchasing power of multiple jurisdictions, resulting in lower prices. These contracts will be used by the Purchasing Division when there is an advantage to the City of Phoenix.

Competitive sealed bidding processes will use an Invitation for Bids (IFB) or Request for Proposals (RFP) issued by the Purchasing Division and shall include a purchase description and all contractual terms and conditions applicable to the procurement. Public notice of the Invitation for Bid or Request for Proposal shall be given a reasonable length of time before the date set forth in the solicitation for the opening of bids or proposals.

Bids or proposals shall be opened publicly at the time and place set forth in the IFB or RFP and in the presence of an authorized representative of the City Clerk and other interested bidders. Bids will be read aloud and recorded. The official in charge of the opening will initial each bid. For proposals, only the name and address of each offeror will be read aloud.

The Purchasing Division will tabulate all bids or proposals. If appropriate, departments/functions will evaluate the bids or proposals and make recommendations. After reviewing the department's/function's recommendations, the Purchasing Division will submit their recommendation to the City Manager.

Purchases will not be made from vendors and bids will not be considered from bidders that do not comply with City Affirmative Action requirements specified in Article V of Chapter 18 of the City Code.

Exceptions to the Selection Process – The Deputy Finance Director – Purchasing may authorize exceptions to the selection process if special circumstances exist. These circumstances may include sole source purchases, time restrictions, unusual nature of a specific project or service, or if an existing, agreement warrants variation from this Regulation. The department director should prepare a letter of exception to the Deputy Finance Director explaining the reasons for this request. If the exception is approved, the Deputy Finance Director will file the Letter of Exception in the appropriate purchasing file.

C. Negotiation

The Purchasing Division is responsible for contract negotiations for purchases in this category, when applicable.

D. City Council Approval

The Purchasing Division is responsible for preparing the Request for Council Action (RCA) and obtaining City Council approval for purchases in this category.

E. Contract Execution

, The purchasing division is responsible for verifying that the contract is properly executed, dated, and distributed in accordance with A.R. 4.21.

F. Receipt of Goods or Services

Departments/functions are responsible for the inspection and receipt of goods or services purchased. After the goods or services have been deemed acceptable, departments/functions shall promptly process a goods receipt.

Departments/functions are primarily responsible for the resolution of any discrepancies with the vendor. Departments/functions may consult with the Purchasing Division for assistance, if necessary.

Accounts Payable is responsible for matching the goods receipt, invoice and purchase order prior to making payment.

G. Contract Monitoring

The Purchasing Division, in cooperation with the department/function, is responsible for monitoring all contracts for purchases. The department/ function are responsible for timely notification to Purchasing of any perceived problems with any contract.

H. Contract Changes

Commodities & Non-Professional Services, Procurements \$50,000 and greater

The Purchasing Division is responsible for any changes to contracts. The department/function is responsible for timely notification to Purchasing of any changes that may need to be made to contracts.

I. Performance Issues

The Purchasing Division is responsible for handling contract performance issues for purchases. The department/function is responsible for timely notification to Purchasing if any problems are encountered with any contract.

J. Contract Closeout

The Purchasing Division is responsible for closing all contracts for purchases.

2. Procurements Less than \$50,000

A. Petty Cash (\$100 or less)

1. Purpose

This section of the A.R.:

- Delegates authority to departments/functions to purchase incidental and non-recurring goods and services costing \$100 or less
- Outlines the policies for use of Petty Cash Funds and Change Funds
- Standardizes the procedures for disbursements, to emphasize utilizing Small and Disadvantaged businesses (S/DBE) whenever practical, considering fair pricing and competitive quality

2. Authorization for Petty Cash Funds

A written request for a Petty Cash Fund stating the reasons for establishing the fund should be submitted to the City Controller for approval. The City Controller shall retain a Notification of Custodian form on file for each approved fund showing the fund's location, its custodian and alternate(s), and the amount authorized. Any request for an increase for fund shall also be submitted in writing to and approved by the City Controller.

3. Responsibility for Petty Cash Fund

The department director or function head (or delegate) is responsible for pre-authorizing and approving all Petty Cash Fund expenditures and shall designate one person (other than themselves), preferably a supervisor, as custodian of the fund. An alternate custodian(s) should also be designated. A Notification of Custodian form shall be completed for each fund and filed with the City Controller.

4. Purchases or Expenses Allowed from Petty Cash Funds

Purchases may be made from the Petty Cash Fund only when all of the following conditions are met:

- a. Item is not carried in the Central Stores warehouse stock
- b. Item may not be purchased on a current City contract
- c. Total cost is not more than \$100, including sales tax
- d. Item represents an unusual, emergency or infrequent expenditure

The City Controller may permit certain expenditures in excess of the \$100 limit subject to prior approval. These include recording, filing or witness fees, and other extraordinary items which shall be paid in cash and which may exceed \$100. However, Petty Cash may be used for this only with the prior approval of the City Controller. A blanket authority can be obtained from the City Controller for these types of items.

5. Small and Disadvantaged Businesses Utilized for Petty Cash Purchases

The utilization of Small and Disadvantaged businesses (S/DBE) for Petty Cash purchases is encouraged whenever practical, considering fair pricing and competitive quality. Refer to the Equal Opportunity Department on-line Directory of Small and Disadvantaged Business Enterprises.

6. Purchases or Expenses Prohibited from Petty Cash Funds

The following items shall not be handled through the Petty Cash Fund:

- a. Expenditures for more than \$100, except with the prior approval of the City Controller or Finance Director.

Purchases shall not be "split" in order to stay under the \$100 maximum allowed. Where it is obvious a purchase was "split" to stay under the \$100 maximum allowance, the Expenditure from Petty Cash form will be returned to the department/function without reimbursement. The department director or function head (or delegate) must submit a memo to the City Controller describing the reason for the "split" and action taken to limit future splitting.

- b. Payment to employees for Personal Services. Salaries shall be paid through regular payroll procedures.
- c. Cash advances to employees for any reason other than for specific qualified Petty Cash purchases.
- d. Cashing any type of check, including employee's personal or payroll checks.
- e. Payment of freight bills (exceptions include parcel service charges and/or express mail service that shall be paid at the time of shipping).
- f. Payment supported by a duplicate copy or reproduction of an invoice or receipt.

Original documents shall be furnished. Any exceptions should be documented and approved by the department director or function head (or delegate).

- g. Items of a personal nature that are not generally furnished by the City.
- h. Business meals (refer to Employee Reimbursement section of this A.R.).
- i. Mileage reimbursement (refer to A.R. 6.21).
- j. Employee travel expenses (refer to A.R. 3.41).
- k. Subscriptions, memberships, registrations, and tuitions (refer to A.R.s 2.51 and 2.281).
- l. Items covered by existing City Requirements Contracts.

m. Office supplies that are available from the City's office supply contractor.

7. Expenditures from Petty Cash

Expenditure from Petty Cash forms may be obtained from the City Clerk Print Shop. The Expenditure from Petty Cash form book and cash fund shall be retained in a secure place at the Petty Cash custodian's location. The prenumbered form shall be prepared legibly in duplicate for each authorized Petty Cash disbursement.

The Petty Cash form book may be given to the employee making a purchase since some vendors offer discounts for City purchases. Vendors may not be able to verify these individuals as employees of the City without this book or some other easily recognizable form of authorization. Departments/functions may require the vendor to sign the Petty Cash book verifying the purchase.

Cash may be advanced to City employees from the Petty Cash Fund for purchasing allowable items. A temporary receipt shall be placed in the Petty Cash Fund at the time cash is removed for maintaining accountability of the fund at all times. This temporary receipt may be removed from the Petty Cash Fund after the vendor receipt and any change have been returned to the Petty Cash Fund.

For reimbursements to employees for Petty Cash purchases, the signed original Expenditure from Petty Cash form, together with the supporting invoice or cash register ticket, shall be retained in the custodian's Petty Cash Fund in place of the cash removed. The duplicate copy of the Expenditure from Petty Cash form shall be left in the book for audit purposes.

After the purchase, the Petty Cash form shall be approved and signed by the department director or function head (or delegate) of the activity being charged for the expenditure. Custodians shall not approve their own disbursements out of Petty Cash Funds. The vendor's original invoice marked "paid" by the vendor, the vendor's receipt or a cash register ticket shall be attached to the original (white) copy of the Expenditure from Petty Cash form. Payments supported by carbon copies only of the vendor's invoice will not be allowed unless it is marked "customer copy" or is documented and approved by the department director or function head (or delegate).

In the case of voided receipts, both copies of void Expenditure from Petty Cash forms shall be left in the book. Each completed book of Petty Cash forms shall be retained by the department/function for three years for audit purposes.

8. Balancing Petty Cash Funds

Petty Cash Funds should be balanced on a monthly basis, at a minimum. The total of the executed forms (supported by receipts), plus the temporary receipts (cash outstanding), plus the cash balance on hand shall always equal the authorized total of the Petty Cash Fund.

Shortages of less than \$25 in the Petty Cash Fund should be itemized, approved by the department director or function head (or delegate) on a Payment Control Document

(PCD) form, and then submitted to the City Controller's office for reimbursement. Shortages or excesses shall be charged to the department's/function's budget. Amounts in excess of the imprest amount shall be deposited on a Cash Receipts Report to the appropriate Miscellaneous Revenue Account. See A.R. 3.14 pertaining to Cash Overages/Shortages for any variance of \$25 or greater.

9. Reimbursement of Petty Cash Funds

The Expenditure from Petty Cash forms should be preaudited by the department/function for proper authorization and supporting documentation prior to submission to the City Controller's office for reimbursement. The Petty Cash Fund shall be reimbursed using a PCD supported by completed Expenditure from Petty Cash forms. These forms shall be supported by original documents (vendor's invoice, receipt, or cash register tape). The PCD should be made payable to Petty Cash, name of department/function and employee name as custodian, and forwarded with all supporting data to the City Controller's office for preaudit and validation of all supporting documents and approvals.

10. Time of Reimbursement

The Petty Cash Fund may be reimbursed at any time during the month and should be reimbursed more often if required to maintain the authorized Petty Cash Fund total. In any case, all white executed copies of the Expenditure from Petty Cash forms in the Petty Cash box shall be processed once a month at a minimum. Authorized expenditures should be reimbursed in the same month in which the purchase is made.

11. Closeout or Changes to Petty Cash Fund

Department/function shall contact the City Controller's office for procedures to close out or make changes to any Petty Cash Fund.

12. Change Funds

Cash funds only for making change may be established by written request from the department director or function head (or delegate) to the City Controller as necessary. The City Controller shall keep a Notification of Custodian form on file showing the amounts authorized at the fund's location.

The responsible department director or function head (or delegate) shall designate one person (other than themselves) as custodian of the fund as well as an alternate(s).

Change Funds have been established only for convenience in making change and should not be used for any other purpose. Similarly, Petty Cash Funds should not be used as Change Funds.

B. Departmental Purchase Order (DPO) (\$1,000 or less)

1. Purpose

This section of the A.R.:

- Delegates the authority to departments/functions to purchase goods and services costing \$1,000 or less. For anticipated frequent or recurring purchases, contact Purchasing for assistance.
- Establishes policies and responsibilities for review and approval of departmental purchases of \$1,000 or less.
- Emphasizes utilizing Small and Disadvantaged Business Enterprise (S/DBE) firms whenever possible.

2. Exclusions

The following types of purchases are excluded from this Regulation and may not be made by DPOs:

- a. City salary expenditures. Salaries shall be paid through regular payroll procedures.
- b. Items covered by existing City Requirements Contracts issued by the Finance Department's Purchasing Division.
- c. Maintenance agreements.
- d. Purchases of outside printing services, unless City Clerk Print Shop is unable to provide the services.
- e. Purchases of items normally available in City warehouses.
- f. Payments for employee travel and/or training expenses. For correct procedures to follow, see A.R. 3.41, Business, Training, and Conference Authorization and Expense Allowances.
- g. Personal items intended for City employee non-business use. DPOs should only be used for expenditures required for City business.

3. General Guidelines and Requirements

- a. The \$1,000 cost limit on DPO purchases includes all costs for the item or service, including taxes, shipping, or other accompanying charges.
- b. Purchases should not be "split" in order to stay under the \$1,000 maximum allowed. Splitting is acquiring a single item or service costing more than \$1,000 by using multiple DPOs.

If a "split" is detected, the DPOs will be returned unpaid to the originating department/function. The department director or function head (or delegate) must submit a memo to the City Controller describing the reason for the "split" and action taken to limit future splitting.

Commodities & Non-Professional Services, Procurements less than \$50,000

- c. DPOs should be used for applicable purchases between \$100 to \$1,000. Purchases for \$100 or less may be made using Petty Cash.
- d. A DPO should not be used for office supplies that are available from the City's office supply contractor.
- e. When using a DPO, departments/functions are responsible for determining and documenting that the price of the item or service is fair and reasonable. This can be accomplished by obtaining verbal or written price quotes from at least three vendors, comparison with past prices paid within a reasonable amount of time, or comparison with published price lists or advertised prices.
- f. City Code, Chapter 18, Article V, requires that all companies doing business with the City shall comply with the reporting requirements of the Affirmative Action Program Ordinance. Departments/functions using DPOs shall be certain that the company has complied with the reporting requirements of the Ordinance. To check Affirmative Action compliance for any company, refer to the Equal Opportunity Department's on-line Business Relations Section. Purchases will not be made from vendors not in compliance with Affirmative Action requirements.

Sole source purchases are exempt from Affirmative Action compliance requirements per City Code Section 18, Article V, and Section 18-21A3.

- g. Departments/functions are responsible for supporting the City's Small and Disadvantaged Business Enterprise (S/DBE) Program by using these businesses whenever practical, considering fair pricing and competitive quality. To check S/DBE status, refer to the Equal Opportunity Department's on-line S/DBE Directory. S/DBE firms should be given many opportunities to compete for DPO purchases.

4. Review and Approval of DPOs

All DPOs shall be reviewed and approved by staff authorized by the department director or function head (or delegate). As a normal internal control, the person requesting the DPO and the person authorized to approve the DPO should not be the same individual. In addition, individuals that are responsible for the actual receipt of the goods/services should not be authorized to approve the purchase.

5. Receipt of Goods or Services

Departments/functions are responsible for the inspection and receipt of goods or services purchased with a DPO. After the goods or services have been deemed acceptable, departments/functions shall promptly acknowledge the receipt and forward the invoice with any required supporting documents to Accounts Payable for payment. Departments/functions are fully responsible for the resolution of any delivery or invoice discrepancies with the vendor.

6. Monitoring Responsibility

Commodities & Non-Professional Services, Procurements less than \$50,000

- a. The Equal Opportunity Department, Business Relations section, is responsible for the periodic review of DPOs for City Code compliance and Affirmative Action endeavors to utilize S/DBEs.
- b. Where it is obvious a purchase made with a DPO does not comply with the provisions of this A.R., the DPO will be returned to the department director or function head (or delegate). A written explanation to the City Controller of why the non-compliance occurred, and a statement as to what action will be taken to prevent a recurrence shall be submitted by the department/function.

C. Purchase Requisition (between \$1,000 and \$50,000)

1. Requisition Process

A Purchase Requisition is used to request the purchase of non-professional services, capital outlay, and commodities.

The department/function is responsible for:

- Preparing the Purchase Requisition document either on SAP or manually
- Obtaining department/function approval
- Submitting approved requisition to the Purchasing Division

2. Selection Process

The Purchasing Division is responsible for all purchases in this category.

For purchases between \$1,000 and \$5,000, a minimum of three vendors will be contacted. However, if three potential sources are not known, the lack of competition will be recorded and a documented determination shall be made that the price is fair and reasonable. Prices may be obtained verbally or in writing.

For purchases between \$5,000 and \$50,000, a written Request for Quotations (RFQ) will be issued. Known suppliers will be sent a copy of the RFQ, by either fax, mail or email, and the solicitation will be publicized to local businesses through the Phoenix Chamber of Commerce's Bid Source System. Based on the responses received, the contract will be awarded to the lowest responsive and responsible bidder, under the terms and conditions set forth in the RFQ.

Purchases will not be made from vendors and quotes will not be considered from vendors that are not in compliance with City Affirmative Action requirements specified in Article V of Chapter 18 of the City Code.

Exceptions to the Selection Process – The Deputy Finance Director – Purchasing may authorize exceptions to the selection process if special circumstances exist. These circumstances may include sole source purchases, time restrictions, unusual nature of a specific project or service, or if an existing, agreement warrants variation from this Regulation. The department director or function head (or delegate) should prepare a letter of exception to the Deputy Finance Director explaining the reasons for this request. If the exception is approved, the Deputy Finance Director will file the memo in the appropriate purchasing file.

3. Negotiation

The Purchasing Division is responsible for contract negotiations for purchases in this category, when applicable.

4. Purchase Order

The Purchasing Division is responsible for executing and monitoring purchase orders in this category.

5. Receipt of Goods or Services

Departments/functions are responsible for the inspection and receipt of goods or services purchased with a purchase order. After the goods or services have been deemed acceptable, departments/functions shall promptly process a goods receipt.

Departments/functions are primarily responsible for the resolution of any discrepancies with the vendor. Departments/functions may consult with the Purchasing Division for assistance, if necessary.

Accounts Payable is responsible for matching the goods receipt, invoice and purchase order prior to making payment.

6. Purchase Order Monitoring

The Purchasing Division, in cooperation with the department/function, is responsible for monitoring all purchase orders. The department/function is responsible for timely notification to Purchasing of any perceived problems with any purchase order.

7. Purchase Order Changes

The Purchasing Division is responsible for any changes to purchase orders. The department/function is responsible for timely notification to Purchasing of any changes that need to be made to purchase orders.

8. Performance Issues

The Purchasing Division is responsible for handling performance issues for purchases in this category. The department/function is responsible for timely notification to Purchasing if any problems are encountered with any purchase order.

3. Other Procurements

A. Employee Reimbursement

1. Purpose

This section of the A.R. establishes uniform rules for reimbursement to City employees for expenses incurred for one-day, in-state activities on City business including:

- Meals and related nominal expenses
- Other minor expenses incurred by employees for the benefit of the City

Expenses incurred by City personnel in connection with out-of-state and/or multi-day business meetings, conferences or training events are covered under A.R. 3.41. Expenses incurred in connection with use of Employee or Management Development funds are covered under A.R. 2.51 and A.R. 2.281 respectively.

2. Prior Authorization for Reimbursement Required

All expenditures to be reimbursed under this Regulation shall be approved prior to the expenditure by a department director or function head (or delegate). The authorized signature on the Employee Expense Reimbursement form is evidence of prior approval.

3. Advance Payment

Advance payments will not be made directly to City employees for reimbursable expenses; however, advance payments of registration expenses may be made directly to a vendor or a conference sponsor.

4. Expenses Approved for Reimbursement

a. Meal Expenses for Non-City Personnel

City employees may be reimbursed when they pay for a luncheon or dinner meeting with non-City employees for the benefit of the City. Reimbursements are not intended to cover expenses where two or more City employees have a meal together and discuss City business.

The City may reimburse its employees for meal expenses incurred for meetings arranged to conduct City business with non-City personnel. Reimbursement of expenditures is intended to be limited and should not be considered an "expense account". Significant City business should be conducted to merit City payment for the City employee(s) and non-City personnel. These expenditures are most appropriate where an individual or group of people is giving their own personal time or business time to accomplish a City project or objective. Expenses for alcoholic beverages will not be reimbursed.

b. Meal Expenses Incurred by City Employees

Meal expenses incurred by City employees because of their attendance at special local meetings, which are of substantial benefit to the City of Phoenix, will be reimbursed. Attendance at certain professional association meetings can be reimbursed if a substantial benefit to the City occurs, funds are available, and the department director or function head (or delegate) approves.

Expenses of City employees attending luncheons or dinners to conduct City business are reimbursable if the expenditure is approved by the department director or function head (or delegate) in advance.

Meal expenses for City employees serving on City interview panels or for two or more City employees meeting together without non-employees are not normally eligible for reimbursement.

Generally, meal expenses should not be approved for more than a few City employees at any one event. The department director or function head (or delegate) should only approve such expenses after careful consideration in special circumstances.

Expenses for alcoholic beverages will not be reimbursed.

c. Other Expenses

Other expenses may qualify for reimbursement if they are incurred while on City business or for the substantial benefit of the City, including:

- Nominal registration fees and material expenses in addition to meal expenses for one-day meetings
- Other approved minor expenses which are incurred by City employees

5. Reimbursement of Expenses

Approval for reimbursable expenses should be obtained from the department director or function head (or delegate) on the Employee Expense Reimbursement form. The procedure for expense reimbursement is:

- a. Obtain prior verbal approval of the expenses from the department director or function head (or delegate).
- b. After incurring the expense, complete the form. Attach original receipt, cancelled check or other proof of expense. Where employee is unable to provide the necessary proof of expense, the employee shall write and sign a verification for the expense for which they are seeking reimbursement. In addition, if the purpose of the expense and the benefit realized by the City are not evident, sufficient explanation should be given on the form.
- c. Obtain signature of the department director or function head (or delegate) on the reimbursement form. The approval signature certifies that the form has been completely reviewed and that it complies with this Regulation.

d. Send the approved form to the City Controller's office for processing.

6. Responsibility of the City Controller

The City Controller (or delegate) shall be responsible for reviewing the completed Employee Expense Reimbursement form. The review shall determine if the form is properly signed, the proper general ledger account is recorded, and the expense is supported by appropriate receipts. If this is not the case, the form shall be returned to the originating department/ function. After approval by the City Controller (or delegate), the form is forwarded to City Payroll for payment. The reimbursement will be processed and included in the employee's next available paycheck, depending at what point in the pay period the form is received by the Controller.

The City Controller (or delegate) is not responsible for approving the expenditure; that responsibility lies with the department director or function head (or delegate). The review is performed to ensure that appropriate approvals and documentation have been obtained and that the expense is properly charged.

B. Fuel Credit Cards

1. Purpose

This section of the A.R. establishes procedures for the use of commercial credit cards by City employees to purchase fuel for City vehicles.

2. Use of Fuel Credit Cards

Fuel credit cards are to be obtained and used only when necessary to support City operations. Credit card purchases shall be limited to the purchase of fuel only. Purchase of related automotive parts such as air filters, fan belts, and motor oil is prohibited unless an emergency exists.

3. Responsibility

Departments/functions are responsible for the requesting, issuance, control, retirement, and accountability of their credit cards and for the payment of properly verified invoices. Funds for these expenditures should be included in the department's/function's annual budget.

4. Implementation

a. Credit cards may be issued:

- In the name of the employee that is responsible for purchases using the card
- For a specific alternative fuel vehicle
- In care of the department/function for which the employee works
- In the name of the specific department/function that has need for the card

Credit cards will NOT be issued in the name of the City of Phoenix and placed at a service station. The number of designated employees to receive credit cards or the number of cards secured by a department/function for use by their employees should be held to a minimum. The employee to whom the card has been issued, unless issued for an alternative fuel vehicle, is the ONLY person authorized to sign for purchases made with the credit card.

- b. Department directors or function heads will establish where the control and accounting functions are to be located. Departments/functions may have multiple billing addresses; however, it is the department's/function's responsibility to control, safeguard, account for and verify purchases and to submit Payment Control Documents (PCD) to Accounts Payable for payment.

It is the department's/function's further responsibility to instruct each employee in the proper use and safekeeping of credit cards. The improper use of a credit card by an employee can result in disciplinary action that may include suspension or dismissal. In the case of a lost or stolen card or the discharge, resignation or retirement of a City employee that has a credit card, the issuing fuel supplier shall be immediately notified by the department/function to cancel the card.

- c. Departments/functions requiring the use of credit cards should contact fuel suppliers directly to obtain needed credit cards. In the selection of fuel suppliers from which to secure cards, attention should be given to operational needs and service station location.
- d. Departments/functions will establish the necessary procedures to ensure proper safekeeping, accountability, use, and retirement of all credit cards issued to them by fuel suppliers.
- e. The following information shall be included on the credit card receipt prior to submission to the employee's supervisor:

- Vendor
- Date of purchase
- Signature (if applicable)
- Vehicle license or equipment number
- Item description
- Price per item
- Quantity
- Total price
- Cost Center

Prior to signing the purchase receipt, it is the responsibility of the employee making the purchase to ensure the completeness, accuracy, and legibility of the entries on the receipt.

- f. It is the responsibility of the City employee making the purchase to deliver the customer copy of the purchase receipt to their supervisor for review and initialing. The customer copy will then be delivered to the appropriate

accounting activity to reconcile the purchase with the monthly statement received from the oil company and submit the PCD to Accounts Payable for payment.

C. Hiring of Contract Appraisers

When a City project involving the purchase of land or the right to use land (easements) has progressed to the point that independent appraisals are required, the procedures outlined in A.R. 4.24 will be followed.

D. Requirements Contracts

1. Purpose

This section of the A.R. delegates the authority to departments/ functions to purchase goods and non-professional services using Requirements Contracts established or approved by the Purchasing Division of the Finance Department.

2. General Guidelines

- a. Requirements Contracts are agreements established to provide for recurring purchases from the same supplier for a specified period. The Purchasing Division establishes these contracts. Most general Requirements Contracts may be used by all departments/functions; however, some may be authorized for use only by specific departments/functions.
- b. Purchasing will maintain a Requirements Contract Summary Manual listing all current Requirements Contracts that are accessible via the City's Intranet site.

3. Placing Orders Against Existing Requirements Contracts

- a. Departments/functions who have not submitted their estimated quantity requirements for Requirements Contracts need to contact the Purchasing Division before using the contract.
- b. Some contracts are established such that departments/functions are permitted to order contract items directly from the applicable contractor(s). Other contracts require departments/functions to submit their order requests to the Purchasing Division for processing, via a Purchase Requisition form. The Requirements Contract Summary Manual provides information for the applicable ordering process.
- c. Inventory operations and other City department/function personnel who order goods or services directly from suppliers on Requirements Contracts shall use a Contract Order Release (COR). Instructions for completing the COR can be found on the Purchasing Intranet site and on the back of the COR form.
- d. Only those individuals who have been specifically authorized by their department/function may place orders against existing Requirements Contracts and only those items specifically defined in the contract can be purchased as a part of the contract. Placing orders for items or services not specifically defined in the contract will be considered an unauthorized purchase.

4. Monitoring of Requirements Contracts

- a. Purchasing is responsible for ensuring that the provisions of Requirements Contracts are strictly adhered to by the contractor, as well as any City personnel authorized to place orders against the contract. Departments/functions should ensure that the contractor has charged the correct contract price.
- b. Users of the contracted goods or services should provide feedback information to Purchasing regarding specific contractor performance. Any questions or problems the user has with a contract supplier must be brought to the attention of Purchasing for resolution.

For specific procurements not found in this section of the A.R., contact the Purchasing Division.

4. Emergency Purchases

A. Purpose

This section of the A.R. establishes procedures for the use of emergency purchases to procure goods or services needed by the City to respond to an emergency.

B. Definition

An emergency purchase is defined as a purchase of goods or services needed for emergencies where:

- Health, safety or welfare of the public is endangered;
- City is exposed to serious cost consequences if immediate corrective or preventive action is not taken; or
- Department/function identifies an immediate and critical operational need.

C. Procedures

There are separate procedures to be followed for emergencies occurring during regular working hours and at all other times.

1. From Monday through Friday, 8:00 a.m. to 5:00 p.m., all emergency purchases are to be handled through the Purchasing Division. It will be left to the discretion of the Purchasing Division either to handle the purchase directly or to delegate authority to the requesting department/function. If the purchase is greater than \$50,000, the department director or function head (or delegate) is responsible for obtaining Deputy City Manager's approval prior to the purchase. A copy of the approval shall be forwarded to the Purchasing Division.
2. After regular working hours and on weekends or holidays, the following procedures shall apply:
 - a. Emergency purchases may be authorized by the responsible department director or function head (or delegate), and confirmed by transmitting a Purchase Requisition noted as an "EMERGENCY" to the Purchasing Division. The requisition should be submitted no later than noon of the next normal workday, along with a brief but complete explanation of the emergency and justification for the procurement action taken. The department director or function head (or delegate) shall approve the Purchase Requisition and explanatory information.
 - b. Within one working day after the emergency procurement, the department/function shall notify the City Manager (or delegate) in writing of procurement actions taken. A copy of the notification shall be forwarded to the Purchasing Division.

D. Responsibility

Commodities & Non-Professional Services, Emergency Purchases

The requesting department director or function head (or delegate) shall be responsible for determining the validity of an emergency purchase request and shall be held fully accountable for any actions requested or subsequently taken to procure emergency goods or services.

SECTION III Professional Services

1. Definition

Professional Services are defined as infrequent, technical, and/or unique functions performed by independent contractors/consultants whose occupation is the rendering of such services. While not limited to licensed occupations, the services are considered "professional," and the contract may be awarded to partnerships, firms, or corporations as well as individuals. This section does not apply to architectural or engineering services required to be procured through the Engineering and Architectural Services Department.

Such professional services include, but are not limited to:

1. Appraisal Services
2. Consulting Services
3. Information Technology Assessments, Surveys, and Audits
4. Environmental Studies
5. Financial and Operational Audits
6. Industrial Planning and Human Engineering
7. Legal Services, except witnesses or consultants retained for litigation or potential litigation
8. Information Technology Studies
9. Organizational Studies
10. Personnel, Job Classification, and Benefit Studies
11. Planning and Budgeting Studies
12. Property Management Services
13. Quality Improvement and Process Analysis Studies
14. Surveys and Feasibility Studies
15. Technology Implementation Services
16. Training Services
17. All other professional services not covered by the Architectural/Engineering Selection Policy

Refer to AR 1.85 (Acquisition of Information Technology) for additional requirements pertaining to technology professional services procurements.

Any questions regarding the classification of services should be referred to the Finance Department, Purchasing Division.

2. Procurements \$50,000 and Greater

A. Selection Process

1. Approval by Department Director or Function Head

The department director or function head (or delegate) shall approve in writing any professional service procurement that is expected to cost \$50,000 and greater.

2. Determination of Selection Process

After approval by the department director or function head (or delegate), the department/function determines the best selection process for purchasing the required professional services. The department/function may use any of the following processes.

Request for Proposals (RFP) – An RFP is the primary selection process for professional services. The process includes soliciting proposals from offerors.

Request for Qualifications (RFQ) - An RFQ is used to select a contractor or to develop a list of qualified vendors. An RFQ is recommended when the scope of work is not clearly defined, when a service is frequently used, or when multiple departments/functions are expected to have a need for the same type of service.

Qualified Vendor List (QVL) – Qualified Vendor Lists contain vendors that have met required qualifications through an RFQ process to provide professional services. These lists are valid for up to three years, and may be updated with additional vendors annually.

Exceptions to the Selection Process – The City Manager's Office may authorize exceptions to the procedures in this Regulation if special circumstances exist. These circumstances may include sole source contracts, time restrictions, unusual nature of a specific project or service, or if an existing, agreement warrants variation from this Regulation. The department/function should prepare a letter of exception to the Deputy City Manager explaining the reasons for this request. If the exception is approved, the Deputy City Manager will sign the memo and the department/function should file the approved memo in the project file.). A copy of the approval shall be retained in the contract file. All other pertinent contract requirements must be followed.

3. The RFP Process

The department/function requesting professional services will prepare, issue, and receive responses from an RFP.

- a. Prepare the RFP

The RFP should include, but is not limited to, the following items:

- 1) Address/location and due date for responding to the RFP.
- 2) Number of copies of the proposal needed.
- 3) Date, time, and location of any preproposal conference.
- 4) Statement indicating the department's/function's commitment to utilize qualified S/DBEs and an explanation of the City's Affirmative Action requirements.
- 5) Scope of work describing the services to be performed and deliverables, if required.
- 6) Time frame for completion of the work. Contract term should not exceed five years inclusive of extensions.
- 7) General price range or funding limit for services requested, if appropriate.
- 8) Any special requirements such as professional certification, licenses or specific experience.
- 9) Rating criteria in order of importance. Rating criteria may include an interview or presentation process.
- 10) Statement requiring a list of subcontractors to be used, including any S/DBE firms, if appropriate.
- 11) Insurance and indemnification requirements.
- 12) Payment terms and requirements.

The RFP should indicate what the offeror's response must include. For example:

- 1) Description of the scope of work.
- 2) Cost estimate for completing requested work, including hourly or daily rates where appropriate.
- 3) Names and resumes of the proposed staff, including managers and supervisors.
- 4) Description of current financial status and/or a copy of the most recent audited financial statements.
- 5) Brief assessment of the present workload capacity.
- 6) Offeror's proposed time frame for completion of the work.
- 7) Documentation of the offeror's commitment to Equal Employment Opportunity and Affirmative Action.
- 8) List of current business references.

b. Issue the RFP

Once the RFP is prepared, the department/function shall be responsible for:

- 1) Obtaining a list of certified S/DBEs from the Equal Opportunity Department for the requested service.
- 2) Contacting the City Clerk to place advertising in the required publication(s), and any other applicable publications. The legal advertising will briefly state the description of the services to be performed, a name and address which interested parties can contact to obtain the RFP, time and date of preproposal

meeting (if appropriate), and the due date for submitting proposals. In accordance with A.R. 3.28, the department/function should retain a copy of the advertisement for its files.

3) Issuing the RFP to all interested vendors.

c. Create Selection Committee

The requesting department/function shall create a Selection Committee to evaluate all proposals under consideration, using the rating criteria prepared for the RFP. The Committee shall be composed of at least three evaluators that would materially contribute to the evaluation process. The Selection Committee can be supplemented by outside professionals who can provide expertise not available from City staff. All members of the Committee shall be in compliance with the City's Ethics Policy, and be independent of the offerors.

d. Receipt of Proposals

Upon the receipt of the proposals from offerors, the department/ function shall be responsible for:

- 1) Date stamping each proposal with the date received and, if required, the time.
- 2) Placing the unopened proposals in a secure area until the due date.
- 3) Opening the proposals on the due date at the appointed time.
- 4) Verifying each offeror's compliance with Affirmative Action per City Code Chapter 18, Article V. If the offeror is not compliant, they are disqualified from the RFP process.
- 5) Forwarding criteria rating forms and copies of all compliant proposals to the Selection Committee for rating.

e. Evaluation of Proposals

Each member of the Selection Committee shall individually review the proposals and score them in accordance with the predetermined rating criteria and established point system. The Selection Committee shall rank the offerors in order of preference and/or create a short list for interviews.

f. Selection Committee Recommendation

Once all requests for information have been satisfied and all necessary interviews have been conducted, the Selection Committee shall recommend the highest-rated offeror.

g. Department Director or Function Head Approval

The Selection Committee shall obtain department director or function head approval of the Selection Committee's recommendations. Upon approval, department/function may proceed with contract negotiation.

h. Notification to Offerors

The department/function shall notify all offerors once a selection has been made.

i. Protests

If a protest is received, the department/function shall notify the appropriate staff including the Law Department.

In certain federally funded areas, protests procedures are required. Departments receiving federal funds with such requirements are responsible to develop protest procedures with the City Attorney's Office.

4. The RFQ Process

The department/function requesting professional services will prepare, issue, and receive responses from an RFQ. The RFQ process may be used to select a contractor or develop a Qualified Vendor List (QVL). QVLs established through the RFQ process are valid for up to three years, and may be updated with additional vendors annually.

Centralized QVLs that may be used by many departments will be managed by a lead department. For example, the citywide IT Professional Services QVL will be created and managed by the Information Technology Services Department.

a. Prepare the RFQ

The RFQ should include, but is not limited to, the following items:

- 1) Address/location and due date for responding to the RFQ.
- 2) Number of copies of the qualifications needed.
- 3) Statement indicating the department's/function's commitment to utilize qualified S/DBEs and an explanation of the City's Affirmative Action requirements.
- 4) Description of the scope of work to be performed or, for creation of a QVL, a general statement of need.
- 5) Any special requirements such as professional certification, licenses or specific experience.
- 6) Qualification criteria in order of importance.
- 7) Statement requiring a list of subcontractors to be used, including any S/DBE firms, if appropriate.
- 8) Insurance and indemnification requirements.
- 9) Payment terms and requirements.

The RFQ should indicate what the offeror's response must include. For example:

Professional Services, Procurements \$50,000 and greater

- 1) Description of the offeror's proposed plan and method to satisfy the requirements.
- 2) Description of the offeror's fee schedule or hourly rates where appropriate.
- 3) Names and resumes of the proposed staff, including managers and supervisors.
- 4) Description of current financial status and/or a copy of the most recent audited financial statements.
- 5) Brief assessment of the present workload capacity.
- 6) Documentation of the offeror's commitment to Equal Employment Opportunity and Affirmative Action.
- 7) List of current business references.

b. Issue the RFQ

Once the RFQ is prepared, the department/function shall be responsible for:

- 1) Obtaining a list of certified M/W/S/DBEs from the Equal Opportunity Department.
- 2) Contacting the City Clerk to place legal advertising in the required publication(s), and any other applicable publications. The advertising will briefly state the description of the services to be performed, a name and address which interested parties can contact to obtain the RFQ, and the due date for submitting responses. In accordance with A.R. 3.28, the department/function should retain a copy of the advertisement for its files.
- 3) Issuing the RFQ to all interested vendors.

c. Create Selection Committee

The requesting department/function shall create a Selection Committee to evaluate all offeror responses under consideration, using the qualification criteria prepared for the RFQ. The Committee shall be composed of at least three appropriate staff that would materially contribute to the evaluation process. The Selection Committee can be supplemented by outside professionals who can provide expertise not available from City staff. All members of the Committee shall be in compliance with the City's Ethics Policy, and be independent of RFQ respondents.

d. Receipt of Responses

Upon the receipt of the responses to the RFQ from offerors, the department/function shall be responsible for:

- 1) Date stamping each RFQ response with the date received and, if required, the time.
- 2) Placing the unopened RFQ responses in a secure area until the due date.

- 3) Opening the RFQ responses on the due date at the appointed time.
- 4) Verifying each offeror's compliance with Affirmative Action per City Code Chapter 18, Article V. If the offeror is not compliant, they are disqualified from the RFQ process.
- 5) Forwarding criteria rating forms and copies of all compliant responses to the Selection Committee for scoring.

e. Evaluation of RFQ Responses

Each member of the Selection Committee shall individually review the RFQ responses and score them in accordance with the predetermined qualification criteria.

f. Selection Committee Recommendation

Once all scoring is completed, the Selection Committee shall either rank the offerors in order of preference, or, for a QVL, recommend all vendors meeting the minimum qualifications, and place them on a QVL.

g. Department Director or Function Head Approval

The Selection Committee shall obtain department director or function head (or delegate) approval of their recommendations. Upon approval of a single offeror, department/function may proceed with contract negotiation.

h. Notification to Offerors

The department/function shall notify all offerors once a selection has been made.

i. Protests

If a protest is received, the department/function shall notify the appropriate staff, including the Law Department.

In certain federally funded areas, protests procedures are required. Departments receiving federal funds with such requirements are responsible to develop protest procedures with the City Attorney's Office.

5. The QVL Process

A QVL is created using the RFQ process. QVLs exist throughout the City for a variety of professional service categories. Centralized QVLs that may be used by many departments will be managed by a lead department. For example, the citywide IT Professional Services QVL will be created and managed by the Information Technology Services Department. When using a QVL, the department/function is responsible for:

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- a. Obtaining a copy of the QVL from the appropriate department/function, and a list of certified S/DBEs from the Equal Opportunity Department.
- b. Soliciting at least three written proposals from listed vendors. At least one of the proposals shall be solicited from a certified S/DBE when available. The solicitation should include the following:
 - Project or service description
 - Discussion of time limitations
 - List of required qualifications, including personnel requirement, if known
 - Department/function contact name available to answer technical questions
- c. Evaluating the proposals and selecting the offeror to provide the required professional services.
- d. Notifying all offerors once a selection has been made.

B. Contract Negotiation

In accordance with A.R. 4.21, the department/function is responsible for:

1. Negotiating with the highest-rated offeror for the requested professional services. Any unsuccessful negotiations shall be terminated in writing. Negotiations may begin with the next highest-rated offeror.
2. Preparing a draft of the contract. Contract term should not exceed five years inclusive of extensions.
3. Obtaining Law Department approval as to form of the contract (i.e. language, content).
4. Execution of the contract with the selected offeror.

C. City Council Approval

The department/function is responsible for preparing the Request for Council Action (RCA) and obtaining City Council approval to award the contract to the selected offeror upon final agreement of the contract terms and form.

No contract can be awarded without City Council approval.

D. Contract Execution

After obtaining City Council approval, the department/function is responsible for:

1. Verifying that the contract is properly executed, dated and distributed in accordance with A.R. 4.21.
2. Recording the contract information into a contract monitoring system.

E. Contract Monitoring and Payment

The department/function that executed the contract is responsible for:

1. Ensuring that the professional services are provided in accordance with the approved contract terms and conditions.
2. Reviewing contractor invoice and confirming that the contract number is on the invoice. If a written contract was not executed, department/function must execute a contract in order to make a payment. A memo shall be sent to the Deputy City Manager documenting the selection process and explaining why a contract was not executed.
3. Approving the contractor invoice for payment.
4. Developing and maintaining an adequate process to record and monitor their contracts (contract monitoring system).
5. Recording payment as well as other pertinent information into a contract monitoring system.
6. Executing a Contract Amendment prior to payment, if the cumulative contract invoices exceed the contract spending limit (see Contract Amendment section below).
7. Preparing a payment request document for the approved invoice and referencing the contract number on the payment request document. The department/function shall not process a contractor invoice for payment without the contract number referenced on the invoice and the payment request document.
8. Ensuring that the approved contract terms and conditions have been completely satisfied prior to final payment.

F. Contract Amendment

A contract amendment is required whenever there is a change in any terms and conditions of the contract (i.e. contract amount, due dates, performance requirements). The department/function is responsible for:

1. Verifying budgeted funds are available for the contract amendment, and obtaining department/function management approval.
2. Creating an amendment to the contract for all changes. If amending the contract term, the total contract duration shall not exceed five years inclusive of extensions.
3. Obtaining Law Department approval as to form of the contract amendment.
4. Obtaining City Council approval of the amendment if the cumulative amount of all contract amendments is greater than \$50,000, unless stated otherwise in the original Request for Council Action (RCA). If not stated otherwise in the original RCA, the department/function shall prepare a new RCA that includes the original contract amount,

total amendment amounts, new total contract amount, and any change in scope requirements.

5. Requesting payment ordinance authorization from the Finance Department, if the amendment amount is greater than the payment ordinance limit, and department/function is not seeking additional City Council approval for the amendment.
6. Verifying that the amendment is properly executed, dated and distributed in accordance with A.R. 4.21.
7. Recording contract amendment information into a contract monitoring system.

G. Performance Issues

The department/function is responsible for notifying the contractor in writing of any performance issues and developing a resolution. If there is no resolution, the department/function is responsible for:

1. Documenting any performance issues by sending a formal letter to the contractor indicating the issues and timelines for resolution.
2. Consulting with their Law Department representative for advice.
3. Documenting resolutions that change the terms of the contract by creating an amendment.
4. Terminating the contract if issues are not resolved within timelines, and if advised to do so by the Law Department.

H. Contract Closeout

The department/function shall document compliance with all contract provisions at the end of a contract. A completed contract closeout checklist shall be included in the contract file. A sample contract closeout checklist is available on the Finance-Purchasing website.

3. Procurements Less than \$50,000

A. Selection Process

Selection Process

The department/function identifies the need for professional services that are expected to cost less than \$50,000. The department director or function head (or delegate) should be made aware of all professional service procurements.

The department/function is responsible for:

1. Identifying vendors from a QVL, Vendor Database, S/DBE list, or other sources determined by the department/function.
2. Soliciting at least three written proposals from vendors. Request should include the following items as appropriate:
 - a. Address/location and due date for responding to the request.
 - b. Number of copies of the proposal needed.
 - c. Statement indicating the department's/function's commitment to utilize qualified S/DBEs and an explanation of the City's Affirmative Action requirements.
 - d. Scope of work describing the services to be performed and deliverables, if required.
 - e. Time frame for completion of the work. Contract term should not exceed two-year duration with a one-year option to extend.
 - f. General price range or funding limit for services requested, if appropriate.
 - g. Any special requirements such as professional certification, licenses or specific experience.
 - h. Rating criteria in order of importance. Rating criteria may include an interview or presentation process.
 - i. Statement requiring a list of subcontractors to be used, including any S/DBE firms, if appropriate.
 - j. Insurance and indemnification requirements.
 - k. Payment terms and requirements.
3. The request should indicate what the offeror's response must include. For example:
 - a. Description of how the work would be performed.
 - b. Cost estimate for completing requested work, including hourly or daily rates where appropriate.
 - c. Names and resumes of the proposed staff, including managers and supervisors.
 - d. Description of current financial status and/or a copy of the most recent audited financial statements.
 - e. Brief assessment of the present workload capacity.
 - f. Offeror's proposed time frame for completion of the work.
 - g. Documentation of the offeror's commitment to Equal Employment Opportunity and Affirmative Action.

- h. List of current business references.

- 4. Verifying each offeror's Affirmative Action compliance per City Code Chapter 18, Article V. If the offeror is not compliant, they are disqualified from the selection process.
- 5. Reviewing proposals. All reviewers shall be in compliance with the City's Ethics Policy, and be independent of the offerors.
- 6. Selecting offeror.
- 7. Obtaining department/function management approval of selected offeror.
- 8. Notifying all offerors once a selection has been made.

Exceptions to the Selection Process

Departments/functions with ongoing needs for specific short-term, low cost services, such as recreational services, may use an alternative selection process with the approval of the department director or function head (or delegate). Approval must be obtained in writing and maintained in a file. All contracts for this type of service procurement must be approved as to form by the Law Department (i.e. language, content) and attested to by the City Clerk.

All other exceptions made to the selection (i.e. sole source, time restrictions, unusual nature of project or service) shall be approved by the department director or function head (or delegate). A copy of the approval shall be retained in the contract file. All other pertinent contract requirements must be followed.

Protests

If a protest is received, the department/function shall notify the appropriate staff including the Law Department.

In certain federally funded areas, protests procedures are required. Departments receiving federal funds with such requirements are responsible to develop protest procedures with the City Attorney's Office.

B. Contract Negotiation

In accordance with A.R. 4.21, the department/function is responsible for:

1. Negotiating with the selected offeror for the requested professional services. Any unsuccessful negotiations shall be terminated in writing. Negotiations may begin with the next highest-rated offeror.
2. Preparing a draft of the contract. Contract term should not exceed two-year duration with a one-year option to extend.
3. Obtaining Law Department approval as to form of the contract (i.e. language, content).
4. Execution of the contract with the selected offeror.

C. Contract Approval

The department director or function head (or delegate) is authorized to award the contract to the selected offeror upon final agreement of the contract terms and form.

No contract can be awarded without department director or function head (or delegate) approval.

The department/function shall request payment ordinance authorization from the Finance Department, if appropriate.

D. Contract Execution

The department/function is responsible for:

1. Verifying that the contract is properly executed, dated and distributed in accordance with A.R. 4.21.
2. Recording the contract information into a contract monitoring system.

E. Contract Monitoring and Payment

The department/function that executed the contract is responsible for:

1. Ensuring that the professional services are provided in accordance with the approved contract terms and conditions.
2. Reviewing contractor invoice and confirming that the contract number is on the invoice. If a written contract was not executed, department/function must execute a contract in order to make a payment. A memo shall be sent to the department director or function head (or delegate) documenting the selection process and explaining why a contract was not obtained.
3. Approving the contractor invoice for payment.
4. Recording payment as well as other pertinent information into a contract monitoring system.
5. Executing a Contract Amendment prior to payment, if the cumulative contract invoices exceed the contract spending limit (see Contract Amendment section below).
6. Preparing a payment request document for the approved invoice and referencing the contract number on the payment request document. The department/function shall not process a contractor invoice for payment without the contract number referenced on the invoice and the payment request document.
7. Ensuring that the approved contract terms and conditions have been completely satisfied prior to final payment.

F. Contract Amendment

A contract amendment is required whenever there is a change in any terms and conditions of the contract (i.e. contract amount, due dates, performance requirements). The department/function is responsible for:

1. Verifying budgeted funds are available for contract amendment, and obtaining department/function management approval.
2. Creating an amendment to the contract for all changes. If amending the contract term, the total duration shall not exceed two years, with a one-year option to extend.
3. Obtaining Law Department approval as to form of the contract amendment.
4. Obtaining Deputy City Manager approval of the amendment if the cumulative amount of the original contract plus amendments is greater than \$50,000. The Deputy City Manager will decide whether the contract amendment will need City Council approval.
5. Requesting payment ordinance authorization from the Finance Department, if the amendment amount is greater than the payment ordinance limit.

6. Verifying that the amendment is properly executed, dated and distributed in accordance with A.R. 4.21.
7. Recording contract amendment information into a contract monitoring system.

G. Performance Issues

The department/function is responsible for notifying the contractor in writing of any performance issues and developing a resolution. If there is no resolution, the department/function is responsible for:

1. Documenting any performance issues by sending a formal letter to the contractor indicating the issues and timelines for resolution.
2. Consulting with their Law Department representative for advice.
3. Documenting resolutions that change the terms of the contract by creating an amendment.
4. Terminating the contract if issues are not resolved within timelines, and if advised to do so by the Law Department.

H. Contract Closeout

The department/function shall document compliance with all contract provisions at the end of a contract. A completed contract closeout checklist shall be included in the contract file. A sample contract closeout checklist is available on the Finance-Purchasing website.

SECTION IV Miscellaneous

1. Dollar Limit Adjustments

At the beginning of each fiscal year, the Finance Director may adjust the dollar limits in this A.R. to reflect percentage increases in the consumer price index. Limit increases will be made in round dollar increments; for example, the \$50,000 limit may be adjusted to \$55,000 or \$60,000 in response to increases in the consumer price index.

2. Audits

The City Auditor shall be responsible for periodic internal audits to determine that policies and procedures set forth in this Regulation are being followed and that sound governmental procurement practices are being adhered to by all departments or functions.

SECTION V Glossary

Affirmative Action Compliance

Contractors, suppliers, and professional service providers are in compliance when they have completed the City required Affirmative Action forms and are on file with the City of Phoenix Equal Opportunity Department as an Affirmative Action employer.

Agreement

An understanding or arrangement between two or more parties. See “Contract”.

Amendment

An alteration to a written document by modification, deletion or addition.

Award

The presentation of a purchase agreement or contract to a bidder; the acceptance of a bid or proposal.

Bid

A competitive price offer made by an intended seller, usually in reply to an invitation for bid (IFB).

Bidder

Any person or firm submitting a competitive bid in response to a solicitation such as an Invitation for Bid (IFB) or Request for Quotation (RFQ).

Capital Outlay

Capital outlay includes purchases of all types of equipment, either additional or replacement, and other minor capital expenditures related to an operating program.

Capital outlay includes expenditures which (1) result in the acquisition of or addition to a fixed asset, (2) increase the capacity, efficiency, span of life, or economy of operating an existing fixed asset, and (3) benefit a future period. In order to qualify as Capital Outlay, an expenditure must meet all of the following requirements:

- Must have an estimated useful life of more than two years.
- A minimum cost of \$5,000. All capital outlay equipment purchases should be made using a Purchase Requisition. Specific expenditures for land, buildings and improvements are exempt from any dollar limit and should be capital outlay.
- Must represent a betterment, improvement or modification as contrasted to a repair.

Commodities

Commodities are expendable items. This includes supplies, repair and replacement parts, small tools, maintenance and repair materials, etc., that are not of a capital nature.

Contract

An agreement between two or more persons which creates an obligation to do or not to do a particular thing. (This definition is intended to be a guide and not an indication of the definition of “contract” as defined by law.)

Contract Order Release (COR)

Glossary

A document used by inventory operations and other City department/function personnel to order goods or services directly from suppliers on Requirements Contracts.

Contractor

Any one of the parties to a contract; one who contracts to perform work or provide goods or services to the City of Phoenix in accordance with a contract.

Departmental Purchase Order (DPO)

A document used to purchase goods or services costing \$1,000 or less, including taxes, shipping or other accompanying charges.

Emergency Purchase

An emergency purchase is defined as a purchase of goods or general services needed for emergency situations where:

- Health, safety or welfare of the public is endangered;
- City is exposed to serious cost consequences if immediate corrective or preventive action is not taken; or
- Department/function identifies an immediate and critical operational need.

Goods

Anything purchased other than services or real property.

Independent Contractor

A person or entity who provides goods or services according to their own methods and without being subject to the control of the City, except as to the result of their work.

Invitation for Bid (IFB)

A solicitation for prospective suppliers requesting their competitive pricing for goods or services.

Letter of Exception

A written document approved by a Deputy City Manager explaining the reasons for exception to the procedures in this Administrative Regulation. These reasons may include sole source contracts, time restrictions, unusual nature of a specific project or service, or if an existing agreement warrants variation from this Regulation.

License

A document granting permission to do a specific act or acts.

Small or Disadvantaged Business Enterprises (S/DBE)

Small Business Enterprise (SBE) - Contractors, suppliers, and professional service providers that have been granted SBE certification by the City. The SBE program has no ethnic or gender requirements. This certification is valid only for City of Phoenix business incentive programs that specify SBE certification.

Disadvantaged Business Enterprise (DBE) - Firms located in the United States that are owned and controlled by a person or persons belonging to designated minority groups or by women. This certification is valid for contracts that the City awards that include funding from the Federal Aviation Administration (FAA), Federal Transit Administration (FTA) and Federal Highway Administration (FHWA). This certification is valid on all contracts bid by the City of Phoenix that specify the utilization of DBE subcontractors and on projects bid by Maricopa County that specify the use of minorities or women.

Refer to the City of Phoenix Equal Opportunity Department intranet site for additional information and tools for viewing vendor SBE and DBE status.

Negotiation

A bargaining process between two or more parties, each with its own viewpoints and objectives, seeking to reach a mutually satisfactory agreement on, or settlement of, a matter of common concern.

Non-Professional Services

Services provided to the City that are of a non-professional nature. Work that calls for a vendor/contractor's time and effort rather than for a particular product. Includes but is not limited to: maintenance, repair, frequent or non-technical services, etc.

Offeror

A person who presents a proposal in response to a solicitation.

Option to Extend

A provision, or exercise of a provision, of a contract which allows a continuance of the contract for an additional time according to permissible contractual conditions.

Payment Ordinance

An ordinance required by the City Charter to request City Council authorization for expenditure of funds

Performance Bond

A document executed subsequent to award by a successful bidder or offeror to protect the City from loss due to contractor inability to complete the contract as agreed.

Person

Any business, corporation, association, individual, union, committee, club, or other organization.

Petty Cash

A cash fund used to purchase incidental and non-recurring goods and services costing \$100 or less.

Professional Services

Professional Services are defined as infrequent, technical, and/or unique functions performed by independent contractors/consultants whose occupation is the rendering of such services. While not limited to licensed occupations, the services are considered "professional", and the contract may be awarded to partnerships, firms, or corporations as well as individuals. This does not apply to architectural or engineering services required to be procured through the Engineering and Architectural Services Department.

Proposal

An offer, usually in response to a Request for Proposals (RFP) or Request for Qualifications (RFQ), made to the City as a basis for negotiations for entering into a contract.

Proposal Evaluation Criteria

Factors, usually weighted, relating to management capability, technical capability, manner of meeting performance requirements, price and other important considerations used to evaluate which offeror has made the most advantageous offer.

Purchase Order

A purchaser's document stating quantity, description, price, etc., used to formalize a purchase transaction with a vendor. A purchase order, upon acceptance, is a contract.

Purchase Requisition

A document used to request the purchase of goods and services that cannot be obtained using a Departmental Purchase Order or Petty Cash Funds. The document should contain details of supplies, services or materials required.

Qualified Vendor List

Lists of firms pre-qualified to supply a professional service in a specific field. These lists are established and maintained by various City departments/functions from the information gathered from a Request for Qualifications (RFQ)..

Quotation

A vendor's statement of price, sale terms and conditions, and description of goods or services. Usually for purchases less than \$50,000.

Request for Proposal (RFP)

A document used for soliciting competitive proposals; the RFP process permits negotiation of proposals and prices as distinguished from competitive bidding and an Invitation for Bid (IFB).

Request for Qualifications (RFQ)

A professional services document requesting information concerning a person's or business entity's qualifications, competence, financial capability, management, etc., in order to select a provider or develop a qualified vendor list.

Request for Quotations (RFQ)

An informal solicitation requesting verbal or written quotes from vendors without formal advertising and receipt of sealed bids. Normally used to establish price competition for smaller purchases.

Requirements Contract

A contract where all actual purchase requirements for specific supplies or services during the contract period are filled by the selected vendor, with deliveries to be scheduled by placing orders with the vendor at predetermined prices. Used for recurring purchases from the same supplier for a specified period.

Responsible Bidder or Offeror

A person who has the capability in all respects to perform in full the contract and bidding requirements, and the integrity and reliability that will assure good faith performance.

Sole Source

An award for a commodity or service to the only known capable supplier, due to the unique nature of the requirement, the supplier, or market conditions.

Splitting (DPO and Petty Cash)

Intentionally using multiple transactions to complete a single purchase of items or services costing more than the maximum dollar limit for that process (DPO or Petty Cash).

Surety

An individual or corporation legally liable for the payment of debt, performance, or obligation of another.

Unsuccessful Bidder or Offeror

A person whose bid, offer, or proposal is not accepted.

Vendor

A seller of goods or services.