

CITY OF POWDER SPRINGS
FINANCE AND ADMINISTRATION
DEPARTMENT

PURCHASING POLICY

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City of Powder Springs Policies



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I. PURCHASING CODE OF ETHICS

The public must have confidence in the integrity of its government. The purpose of this Code of Ethics (in conjunction with Section 1-24 of the Personnel Policy Manual) is to apply guidance to all departmental employees partaking in the purchasing process so that they may conduct themselves in a manner, which will be compatible with the best interest of themselves and the City of Powder Springs.

A proper procedure for purchasing requires that:

- Actions of all departmental employees are impartial and fair.
- All decisions and policies are made in the proper channels of government structure.
- Public employment will not be used under any circumstances for personal gain.
- All departmental employees shall not solicit, accept, nor agree to accept any gratuity for themselves, their families, or others that results in their personal gain and/or may affect their impartiality in making decisions on purchasing. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples to the City used for general City use are examples of items that are not gratuities. Personal judgment should be used and questions regarding problems/events should be referred to the employee's supervisor.

Goals:

- To protect and enhance the reputation of the City of Powder Springs and its employees.
- To treat all citizens (vendors) equally with courtesy and impartiality, and refrain from granting any special advantage to any citizen (vendor) beyond what is available to all citizens (vendors).
- To give efficient, productive, and economic service to the public.
- To avoid real or potential conflicts between private and public duties, remembering that the public interest must be the principal concern.

- To keep confidential all information acquired by reason of one's position, which may be used for personal or financial gain for the employee or other persons.
- To refrain from securing special privileges or exemptions for oneself or other persons that is not available to all citizens.
- To avoid receiving, soliciting, or otherwise obtaining anything of value that is greater than nominal intrinsic value from any other public official, employee, or citizen (vendor) which is intended to influence the performance of official duties.
- To disclose to the appropriate authority the nature and extent of any financial or personal interest in a City contract, legislation, or in any type of transaction involving the City, when participating in the development of or giving an official opinion on the matter.

This Purchasing Code of Ethics shall in no way surpass or supersede the Code of Ethics listed in Section 2-7 of the City of Powder Springs Code of Ordinances or Georgia law but be used as a tool to work in conjunction with the ordinance.

II. INTRODUCTION

A. *Purpose*

A centralized purchasing office provides a support service to all other departments. For any purchasing division to be truly effective, there must be full cooperation between all work units and departments. To obtain the greatest value of every dollar spent, it is necessary to follow a set of procedures when purchases are made.

The purpose of this manual is to describe the objectives of the City of Powder Springs pertaining to principles governing the purchasing function and to establish departmental procedures and guidelines. The manual is intended to promote better understanding and coordination of the purchasing process.

This Procurement and Purchasing Policy Manual shall serve as (1) a source of instruction to all employees, units, departments, courts, agencies, and elected officials of the City of Powder Springs government and (2) the purchasing rules and procedures as required by Sections 6.31 and 8.14 of the Charter and Code of Ordinances of the City of Powder Springs.

B. **Policy**

It is the policy of the City of Powder Springs to stimulate competition among qualified vendors/contractors. All purchases will be made fairly by securing quotations and bids, as provided in the Code of Ordinances and State law, prior to the initiation of a purchase. Purchases will be made after consideration is given to the appropriate quality to suit the intended purpose, conformance of specifications, and the best overall best value to the City of Powder Springs.

C. **Scope**

The Scope of this Manual includes all employees, units, departments, courts, agencies, and elected officials of the City of Powder Springs government. This Manual preempts all previous purchasing manuals, policies, and procedures. Any issues regarding the City purchasing process not covered in this Manual shall be addressed to the City Manager, or designee, on an individual basis, taking into consideration the Charter and Code of Ordinances of the City of Powder Springs and the advice of the City Attorney.

D. **Definitions**

1. **Bid Bond** – A bond with good and sufficient surety or sureties to be submitted with the bid document for the faithful acceptance of the contract, payable to, in favor of, and the protection of the City of Powder Springs.

2. **Brand Name Specification** – A specification limited to one or more items by manufacturers’ names or catalog numbers.
3. **Change Order** – An alteration, addition, or deduction from the original scope of work as defined by the contract documents to address changes or unforeseen conditions necessary for project completion.
4. **Contract** – A written agreement authorized by the Council, which shall be signed and authorized by the Mayor on behalf of the City of Powder Springs, as dictated by City ordinances sections 6.30 and 8-2, with one or more parties for the performance of some specified thing. The term “Contract” shall be synonymous with “Agreement.”
5. **Contractor** – Any contractor, supplier, or other provider of services and/or products.
6. **Cooperative Purchasing** – An action taken when two or more entities combine their requirements to obtain advantages of volume purchases including administrative savings and other benefits.
7. **Delivery Method** – Any bona fide bidding mechanism allowed pursuant to O.C.G.A. 36-91-20(c) as now or may be amended from time to time, including, but not limited to, general contractor bid or design-build with or without guaranteed maximum price.
8. **Emergency Procurement** – The procurement of goods or services on an emergency basis outside the normal procurement procedure due to unforeseen events or circumstances that threaten the public health, welfare, and/or safety.
9. **Formal Sealed Bid Limit** – The dollar amount approved by the City of Powder Springs above which amount purchases/contracts require the City Council’s approval and advertisement.
10. **Invitation for Bid (IFB)** – The IFB (or sometimes known as RFQ, Request for Quote) is a method of procurement used by City departments to solicit bids for the supply of goods and/or services. Awards made pursuant to an IFB are made to the most responsive and responsible bidder meeting all specifications and with the most reasonable costs.

11. **Lease Contract** – A contract that is used when a department requires the use of equipment owned by a vendor for a specified time in return for compensation.
12. **Liquidated Damages** – Damages paid usually in the form of a monetary payment agreed by the parties of a contract which are due and payable as damages by the party who breaches all or part of the contract. May be applied daily for as long as the breach is in effect.
13. **Maintenance Contract** – A contract for the provision of technical assistance and materials related to the repair and/or maintenance of equipment and facilities.
14. **Non-professional Services Contract** – A contract for the provision of assistance in support of City operations and/or projects from an independent contractor. (Examples: pest control, security monitoring, landscape services, janitorial services, etc.)
15. **Payment Bond** – A bond with good and sufficient surety(s) payable to the City of Powder Springs to be submitted by the contractor to the City before a bid is accepted and intended for the use and protection of all subcontractors and all person supplying labor, materials, machinery, and equipment for the work. The bond shall be in the amount of 100% of the contract value.
16. **Performance Bond** – A bond provided by an approved surety or sureties to be submitted by the contractor to the City before a bid is accepted which guarantees that the project will be completed in accordance with the contract and indemnify the City of Powder Springs for any damages occasioned by a failure to perform the same within the prescribed time. The bond shall be in the amount of 100% of the contract value.
17. **Piggyback (Piggyback Cooperatives)** – A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by another governmental entity.
18. **Procurement** – The purchase, rental, lease, or other acquisition of supplies, services, or construction. It also includes such

- related activities as selecting and soliciting sources; preparing, awarding, and administering contracts; and ordering inventoried supplies.
19. **Professional Services Contract** – A contract for the provisions of assistance in support of City operations and/or projects from an independent contractor in a professional occupation or field. A professional occupation is an occupation that requires exceptional qualifications by education and experience in a particular field or discipline to perform a specialized service. (Examples: engineering, architecture, medical, etc.) The office of the City Attorney shall be exempt and shall be controlled by the City Charter. In the event of a conflict between the provisions of this policy and the City’s professional service policy, the City’s professional service policy shall control and/or prevail.
 20. **Public Works Construction Contract** – A contract pursuant to O.C.G.A. 36-91 et seq., for the building, altering, repairing, improving, or demolishing of any public structures or building or other public improvements of any kind to any public real property other than for public road systems. Such terms shall not include the routine operation, repair, or maintenance of existing structures, buildings, or real property.
 21. **Purchase Contract** – A contract for the purchase of goods, supplies, and/or equipment of a specified quantity and at a specified price, wherein the purchase order constitutes the contract.
 22. **Purchasing Agent** – The individual assigned that is performing the actual process of getting competitive bids either by phone or by written quotes.
 23. **Responsible** – The ability and the will of the submitter to provide the goods or services required within the time specified, including such factors as record of performance, experience, facilities, organization, technical and managerial skills, financial resources, and record of integrity.
 24. **Responsive** – The substantial conformance of the offer with the specifications and requirements of the City of Powder Springs, including the terms and conditions of the solicitation.

25. **Request for Information (RFI)** – An RFI is a quasi-formal method for soliciting information from vendors who have knowledge or information about an industry, product, or service. The RFI is not intended to result in a contract award but is designed to allow for the collection of industry information that may be used to determine if an RFQ or RFP method is appropriate.
26. **Request for Proposal (RFP)** – An RFP is a competitive method of procurement whereby submitters are asked to submit proposals for the supply of goods and/or services in a format, which allows for the consideration of factors in addition to the price in the evaluation and award process. This method of solicitation is used when it is determined by the City that the use of competitive sealed bidding is not practicable or is not advantageous to the City.
27. **Scope of Project** – This term means the work required by the original contract documents and any subsequent change orders required or appropriate to accomplish the intent of the project as described in the bid documents.
28. **Scope of Work** – This term means the work that is required by the contract documents.
29. **Sole Source Contract** – A contract made after written determination by the City Council, or by the City Manager if authorized, that there is only one source for the required supply, service, or construction item.
30. **Specification** – A species description of the physical or functional characteristics of a product, service, or construction item.
31. **Unit Price Contract** – A contract for the purchase of goods, supplies, services, and/or equipment of a non-specified quantity and at a specified price for a determined period, [where there is a letter of agreement or contract.]

E. **Authority**

The final authority for this document and all present and future standards/procedures for purchasing and expenditures of public funds shall reside with the Mayor and the City Council for the City of Powder Springs. The Mayor and City Council are empowered by the Charter and Code of Ordinances of the City of Powder Springs (sec. 6.31) to prescribe procedures for a system of centralized purchasing for the City. The Mayor and City Council are empowered to amend these standards/procedures for purchasing and expenditures of public funds, by ordinances, should they deem it necessary.

F. **Implementation**

The City Manager or his/her designee shall be responsible for the gathering of contracts for the purchase or lease of all materials, supplies, furnishings, equipment, insurance and surety and fidelity bonds or other personal property and non-professional services.

The City Manager or his/her designee shall be responsible for implementing and enforcing the policies and procedures as set forth in this manual.

The City Manager or his/her designee shall exercise functional authority for the purpose of implementing and enforcing the policies and procedures on a citywide basis as set forth in this manual.

Each Department Director/Manager shall be responsible for implementing and enforcing these policies and procedures within their respective jurisdictions/departments.

III. **PURCHASING LIMITS**

A. **Competitive Process**

All acquisitions or purchases made by any City Department shall be based on competitive bidding whenever practical. Except in circumstances set forth by this policy or any other City policy, or pursuant to applicable law, or as determined to be in the best interest of the City by the Mayor and City Council, all contracts should result from a competitive process. **Contracts**

and purchases shall not be divided into separate accounts and purchases to avoid the financial threshold for the competitive purchasing process (Split Bidding).

B. *Purchasing Limits*

1. **Purchases up to \$2500** - All Department Managers/Directors or their designees (aka purchasing agent) who require purchases up to \$2500 may solicit quotes from appropriate suppliers of the needed items. The following guidelines should be considered before making a commitment:
 - a. There is no requirement to obtain more than one (1) quote; however, an attempt to obtain prices from other competent suppliers is encouraged. Department Managers/Directors may select a vendor taking in consideration cost, quality, performance, delivery/pickup time, and convenience to the work site. Ordering departments shall have the responsibility to assure that all purchases are fair and reasonably priced. Using a source that the ordering department knows will result in a considerably higher price than other available sources is prohibited.
 - b. The Department Manager/Director is encouraged to negotiate with suppliers to get the lowest quotations for the purchase.
 - c. The department director shall ensure that sufficient funds exist in the budget to acquire goods and/or service prior to committing to a Purchase.

2. **Purchases from \$2500 - \$9,999.99** – All Department Manager/Directors or their designees (aka purchasing agents) who require purchases between \$2500 and \$9,999.99 shall solicit telephone quotes from at least three (3) qualified vendors/contractors. The department director/manager will document the quotes for review and City Manager’s approval, as needed. Once approved, copies of any or all forms shall be retained the requesting department if desired.

3. **Purchases from \$10,000 - \$25,000** – All Department Manager/Directors or their designees (aka purchasing agents) who require purchases at this level shall solicit written quotes from at least three (3) qualified vendors/contractors.

4. **Formal Sealed Bid Limit – Purchases estimated to exceed \$25,000 in value** - Purchases greater than \$25,000 must be awarded by formal competitive sealed bidding as required under section III. B, Formal Sealed Bids.

5. **Exceptions** – Budgeted purchases that are not required to follow the listed procurement procedures are as follows:
 - a. Procurement of professional services when proposals are solicited through use of Request for Proposals (RFP) or Request for Qualifications (RFQ).
 - b. Purchases made through the Cobb County Purchasing Department (County Contract),
 - c. Purchases made through the State of Georgia Procurement Division (State Contract),
 - d. Purchases made available from other governmental agencies or through cooperative purchasing organizations as approved by the City Manager.
 - e. Any unique purchase when the City Manager determines is in the best interest of the City of Powder Springs not to solicit formal bids.
 - f. Services performed by the City Attorney.

NOTE Under the City of Powder Springs Code of Ordinances Section 8-14, subsection 5b states *“If it can be reasonably determined by the Finance Officer that a product or service may be obtained at the lowest price through the state bid process or the county purchasing agreement, then the requirement for City bidding need not apply. After such product or service is obtained through either the state bid process or the county purchasing agreement, the City Manager should notify the Mayor and Council in writing as soon as possible.”*

IV. DEPARTMENT RESPONSIBILITIES

Successful purchasing for the City of Powder Springs requires the active cooperation of all departments. Clear understanding of departmental duties and responsibilities is necessary if this cooperative effort is to be effective. The responsibilities are as follows:

- Determine the need.
- Verify adequate budget funding.
- Create technical specifications as to the service and/or item that you are requesting.
- Develop a list of potential vendors/contractors.
- Perform final review of technical specifications and be prepared to answer technical questions from vendors/contractors. Any information that needs to be disseminated to all vendors shall be done as an addendum. If applicable, attend pre-bid conference and answer technical questions.
- After bids have been opened, recommend award in writing. If recommendation for award is being made to anyone other than the low bidder, attach memo stating specific reasons why the low bid is not acceptable. Do not reveal status of your recommendation to the vendor.
- Receive technical specifications and/or drawings from the Department.
- Assemble bid package and check for legalities.
- Arrange pre-bid conference, if necessary, to invite vendors/contractors to discuss bid requirements.
- Provide all necessary information to the City Clerk, to post as required and to place ad in appropriate legal organ (Marietta Daily Journal) along with the City's website, Georgia Local Government Access website, and Georgia Procurement Registry's website.
- Distribute bid packages to vendors/contractors and maintain accurate vendor records.
- Conduct bid opening.
- Tabulate bids and verify responsiveness.
- Review recommendation of award.

- If all Departmental Heads involved agree with recommendation, bid is assigned and routed to City Manager and/or City Council for approval.
- Once Purchase Order is approved, place order or set up blanket purchase order, if needed.
- Administer bid for the life of contract, i.e., price increases, lapses in insurance coverage, bonding, etc.

NOTE When things go wrong, do not remain silent. Remember to maintain documentation throughout the course of the contract. Even if you have on-going problems with a vendor, we will have a very difficult time cancelling a contract unless we have the proper documentation to justify the problem(s).

A. ***Formal Sealed Bids (Invitation for Bids)***

Solicitation of formal sealed bids is used for expenditures of \$25,000.00 or more if determined by the City Manager. Sealed bids designate a specific due date and time, are publicly opened, and prices read at the time and place designated in the IFB. Bidding time will be set to provide bidders a reasonable time to prepare their bids. A minimum of seven (7) days shall be provided unless a shorter time is deemed necessary as determined by the City Manager, except when a longer period is required by state law. Adequate notice of the solicitation must be given at a reasonable time before the date set forth in it for the opening of bids. Notice shall include publication in a newspaper of general circulation as deemed necessary by the City Manager or state law. After the bids are evaluated, a Notice of Award and/or Purchase Order is issued to the most responsive and responsible bidder meeting all specifications and with whom the City has reached an agreement on all contract terms and conditions. It should be noted that the contract award would not be to the bidder with the lowest cost if the City determines that the low-cost bidder is not in the City's best interest, except when required by state law.

Department Heads, anticipating purchases of equipment, goods, capital items or services \$25,000 or more in value, shall prepare specifications, minimum acceptable performance standards, and/or drawings to prepare the

bid or proposal package if determined by the City Manager. The Department will prepare the bid or proposal documents, including but not limited to, Invitation to Bid (IFB) form, terms and conditions, instructions to bidders, sample(s) of the appropriate contract(s) signed by the successful vendor (if required), and department provided specifications and drawings necessary to make a complete bid package. The City Manager, or designee shall have discretion to issue IFB's and RFPs on an item-by-item basis and/or on a total package basis to obtain the most favorable bids or proposals. The Department will be responsible for keeping all records of bids received for each purchase.

B. *Formal Sealed Proposals (Request for Proposals)*

When a determination that the use of sealed bids is either impracticable or disadvantageous to the City of Powder Springs, supplies or non-professional services may be purchased through formal sealed proposals and negotiations. The main difference between a bid and proposal, is that an RFP allows for consideration of factors other and cost and for negotiation of terms, pricing, etc. Selection shall be made of two or more offerors deemed to be fully qualified and best suited among those submitting proposals, based on the factors involved in the Request for Proposal (RFP), including price if so, stated in the RFP. Negotiations may be conducted with each of the offerors so selected. Price shall be considered but need not be the sole determining factor. After negotiations have been conducted with each offeror so selected, the Selection Committee shall select the offeror, which in its opinion has made the best proposal, and recommend to the City Manager that the contract be offered that offeror. Should the committee determine in writing and in its sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified than the others under consideration are, a contract may be negotiated and recommended for approval to the City Manager. The RFP shall contain the following minimum information:

- A general statement of the project: type of supplies or services required.

- Scope of work: description of work involved and its location; requirements for installation and performance; assistance to be provided by the City of Powder Springs; type of contract to be used.
- Time frames in which the work is to be completed.
- Requirements for proposals: terms and conditions of the RFP; content and form of proposals; deadline for submission.
- Proposal contents – listing of all information required for submission by the offeror.
- All specific criteria to be used in the evaluation and selection process, listed in descending order of importance or with point values.
- A description of the selection process.

At the opening of the proposal, only the names of the vendors submitting proposals are read. From that point on, all information in the proposals is considered confidential until the proposal has been awarded. After award of proposal, all information is “open to the public.”

C. Receipt and Safeguarding of Sealed Bids and Proposals

All bids and proposals, received before the time of opening, must be kept secure and unopened. Prior to bid opening, information concerning the identity and number of bids shall remain confidential and made available to city employees on a “need to know” basis. No late bids will be accepted. Unidentified bids may be opened solely for the purpose of identification by an official designated for this purpose. If a sealed bid or proposal is opened by mistake, the official who opened the bid shall notate on the envelope that the bid was opened in error and record the date and time of opening. If it becomes necessary to postpone a bid opening, the City Manager of designee shall issue the appropriate amendments to the solicitation postponing or rescheduling the bid opening.

V. SPECIFICATIONS

A. **Description**

When goods or services are purchased under the formal competitive bidding process, specifications must be prepared. A specification is an accurate description of supplies or services to be purchased. Generally, specifications are in the form of written descriptions, performance or hardware requirements, drawings, industry standards, or other descriptive statements. Specifications may refer to a particular brand name, but the reference serves only to identify the general type and quality of the article desired; other brands of equal quality are given equal consideration. Specifications, regardless of the type, should include the following criteria:

- Identify essential functions and characteristics.
- Allow for a competitive bid – should be capable of attracting wide competition as to brands and vendors.
- Reasonableness of tolerances – specifications should not contain unnecessary precision, which is expensive and does not promote competitiveness.
- Clarity.
- Inspection capability – specifications should be capable of being checked against the supplies or services delivered.
- Level of quality – specifications should, when possible, be identified with standards for commercially available goods or services, rather than custom-made products; they should reflect general standard grades of merchandise rather than luxury grades.
- Flexibility – specifications should invite vendors to suggest alternates or substitutes.
- Standardization – specifications for like products should be comparable and should not inhibit volume buying.
- Be capable of objective review.
- Provide for an equitable award at the lowest possible cost.

B. **Guidelines**

- Keep specifications as simple as possible while maintaining the clarity required preventing bidders from utilizing a loophole to avoid providing the quality of goods or services required, or to take advantage of their competitors.
- Whenever possible, identify the equipment or material required with some name brand or known standard specification already on the market. All specifications that utilize a name brand should include the term "or equivalent" or "equal" to avoid being restrictive and eliminating fair competition from the bidding process.
- In their construction, specifications should consider only the essential functions and characteristics of the goods and services to be purchased. An essential function or characteristic is what the goods or services must possess or be able to perform within a range of acceptable performance or quality. Ancillary or variable essential characteristics are not to be considered.
- Specifications should promote competition. Specifications so drafted will normally allow several bidders to provide the City of Powder Springs with alternatives and ensure that the City of Powder Springs obtains the lowest price for the goods or services required.
- Flexibility in the specifications is desirable in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. If a bid does not meet the City of Powder Springs' needs, it shall be deemed non-responsive and the bid, which meets the intent of the specifications, will be the one accepted. These procedures should be used sparingly and Department Heads contemplating flexible specifications might want to contact the City Manager, or designee to discuss the format and degree of flexibility anticipated prior to the completion of the final draft.
- Specifications should be reasonable in its tolerances. Unnecessary precision is expensive and is to be avoided. For example, when specifying the length of an item that measures 12", if this length is not essential, you may list the length at "approximately 12"".
- Specifications should be written with clear, simple language, free of vague terms or those subject to variation in interpretation.

VI. SPECIAL PROCUREMENT

A. *Introduction*

Occasionally the City of Powder Springs may need to purchase goods, items, or services under circumstances that do not clearly fit the patterns of normal public procurement and for which normal competitive bid procedures do not apply. The following guidelines are provided regarding making such purchases.

B. *Emergency Purchasing*

The bid procedures outlined in this manual may be waived under emergency conditions. An emergency is defined as follows per the Code of Ordinances for the City of Powder Springs, Section 8-14, and Subsection A5:

A situation requiring the purchase and immediate use of a service or product without which the health, safety, and welfare of employees or citizens could be seriously jeopardized. Examples of such products or service include the following:

- *Pumping of sewerage to prevent effluent from entering streams or waterways.*
- *Emergency work performed by water/sewer contractors to correct major water line blowout.*
- *Emergency repairs to a generator required for maintenance of public services.*

Per Code of Ordinances for the City of Powder Springs, Section 8-14, Subsection A4, *“If an emergency situation exists, the City Manager is authorized to obtain equipment or service as necessary. As soon as practical afterwards, the Mayor and Council will be fully informed and approve the expenditures.”*

An emergency situation or condition will be determined by the City Manager along with the input of the Department Head. Once approved the goods, items, or equipment will be purchased and a receipt obtained. The receipt and necessary paperwork will be forwarded to the City Manager the next business day.

C. Sole Source Purchasing

If there is only one vendor capable of providing a particular product or service, then the competitive bid procedures outlined in this manual may be waived upon approval of the City Manager. A sole source procurement is initiated by the Department Head with the submission of documentation justifying the Sole Source request. The documentation briefly identifies the product or service to be purchased and the justification for the sole source. Supplemental documentation (specifications, manufacturer letter, etc.) shall be furnished when available. The request shall be signed by the Department Head and submitted to the City Manager. The City Manager may, based upon his/her review, authorize, or deny the proposed sole source purchase.

There may be situations where even though multiple vendors/contractors exist, one vendor/contractor may have an exceptional product or service, and it is highly desirable to utilize this vendor/contractor. A letter requesting this vendor/contractor to be treated as a sole source along with justification must accompany all other paperwork. Conversely, this process may be utilized to eliminate an extremely poor vendor/contractor.

Some products utilized by the City of Powder Springs are treated as sole source items when they are not. This practice is dictated by sheer practicality. Water meters and fire hydrants are an example due to standardization of parts, familiarity of the product, and maintenance requirements.

D. Source Selection Process

This process will be utilized for special projects where the final selection is of a complex or highly technical nature, not simply a matter of accepting the lowest bid. For these types of projects an open, objective, and unbiased selection process may be designed. Individuals from various disciplines and areas of expertise should be consulted. Outside consultants may be used if necessary. The goal of this process will be to develop specifications, if necessary, solicit proposals from qualified vendors, conduct site visits if required, and to make a final recommendation.

E. Professional Services

The value received from a professional service is greatly determined by the skill, experience, judgement, and creativity of the firm or individual providing the service. Because of these factors, a strict bid process where the contract is generally awarded to the lowest responsive and responsible bidder may not be in the best interest of the City. At the same time, it is recommended that some type of competitive process in the selection of professional services provides superior and accountable results.

A Request for Proposal (RFP) or Request for Qualifications (RFQ) can be prepared much the same way with the specifications required in a bid being replaced by requirements and minimum standards for the services to be provided. An RFQ is a solicitation method that requests information on a firm's qualifications and experience without requesting price. The Department will prepare RFP's or RFQ's with assistance from the City Manager, or designee if needed. When an RFP for professional services is solicited, the City Manager shall determine whether to advertise the solicitation in the legal organ or invite a limited number of qualified professionals known to the City of Powder Springs to submit a proposal setting forth their interest, qualifications, and how they can meet the City of Powder Springs' needs. In securing professional services, it is the primary goal of the City of Powder Springs to obtain the services of a professional with a proven record of providing, in a professional manner, those services required. A contract will be negotiated, with approval by the City Manager for negotiation, with the professional deemed to best meet the City of

Powder Springs' needs. The City Attorney shall be selected as provided by the Charter.

F. ***Used Equipment Purchases***

New equipment is to be preferred over used equipment. Under some circumstances the purchase of used equipment is desirable, such as, but not limited to:

- When price is of prime importance and the difference in cost between new and used is significant.
- Where equipment will be used infrequently, for a limited time, for training or for auxiliary operations.
- When quicker delivery is essential.

The requesting Department should provide the following information

- A detailed description of the item to include the manufacturer's name, model, serial number, and whether it is used, reconditioned, or a demonstrator.
- The price offered by the supplier.
- Justification for purchasing used equipment as opposed to new (i.e., budget constraints, item no longer manufactured, designed for a specific purpose, rarely used, etc.)
- Whether the equipment has been thoroughly examined and what year it was manufactured along with its present condition.
- Guarantees and warranties offered by the supplier.
- Price of equipment if purchased new.
- Your opinion on how the purchase best serves the interest of the City of Powder Springs.

G. ***Trade Ins***

Request for trade ins will be considered if the equipment cannot be transferred to another department or sold for more than the trade-in value.

If trade in is allowed the department should document the description of the equipment to include the following:

- The year of manufacture
- Model number
- Serial number
- Condition
- City unit number and/or inventory number

H. ***Inter-Governmental Cooperative Purchases***

In accordance with Chapter 3, Section B, subsection 5 (Exceptions) of this manual and O.C.G.A. 36-69A-4, Department Heads shall investigate from what contracts the City of Powder Springs may “piggyback”. Such contracting agencies piggyback with include, but not limited to, Cobb County Purchasing Division, the State of Georgia Procurement Division, approved cooperative purchasing organizations, and the United States Government. When it is determined that it is advantageous to the City to purchase off contracts awarded by other agencies, the City of Powder Springs may do so.

VII. **INSURANCE AND BOND REQUIREMENTS**

A. ***Introduction***

When the City of Powder Springs hires a contractor to perform work on City property, the City accepts risk should something go wrong. That is why, before any contractor, subcontractor, or other service provider is allowed to work at or prepares or delivers material to City property, the project, contractor, subcontractor, or service provider shall provide to the City of Powder Springs Certificates of Insurance evidencing coverage acceptable to the City of Powder Springs in amounts as listed below or greater. If required, the contractor must furnish the City with a Certificate of Insurance, naming the City as an additional insured, prior to work beginning. Certificates of insurance are complex issues so please contact the City Manager, or

designee if in doubt. The following information should give an overview of all types of insurance that at a minimum shall be required. Due to the complexity and cost of a project, higher limits could be required for the contractors.

The certificates evidencing the below-listed required coverage shall provide that such coverage is not cancelled or reduced except by written notice to the contractor and City at least thirty (30) days prior to the effective date of such cancellation or material reduction in coverage. New or renewal certificates shall evidence all the above-required coverage.

B. *Statutory Workers' Compensation Insurance*

To ensure the statutory limits as established by the General Assembly of the State of Georgia. (NOTE: A self-insurer must submit a certificate from the Georgia Board of Workers' Compensation stating the Contractor qualifies to pay its own workers' compensation claims.) The workers' compensation policy must include Coverage B- Employer's minimum liability limits of:

Bodily Injury by Accident - \$500,000 each accident

Bodily Injury by Disease - \$500,000 each employee

Bodily Injury by Disease - \$500,000 policy limit

Excess liability coverage may be used in combination with the base policy to obtain these limits. The contractor shall require all contractors and subcontractors performing work under the contract to obtain an insurance certificate showing proof of workers' compensation coverage. If a contractor or subcontractor fails to obtain adequate worker's compensation insurance for the period of the contract, an amount determined by the City of Powder Springs' insurance company to cover such liability will be deducted from the first payment to contractor, or subcontractor, or will be terminated from the project.

C. *Commercial General Liability Insurance*

All contractors shall procure and maintain a commercial general liability insurance policy, including products and completed operations liability, and contractual liability coverage covering bodily injury, property damage liability and personal injury. The policy or policies must be on an "occurrence" basis ("Claims Made" coverage is not acceptable) insuring personal injury and property damage against the hazards of Premises and Operations, Products and Completed Operations, Independent Contractor's, and Contractual Liability (specifically covering the indemnity) and the minimum limits of liability listed below. The commercial general liability policy shall include contractual liability coverage. The commercial general liability policy purchased by the contractor must be issued by a company authorized to conduct business in the State of Georgia or by a company acceptable to the City of Powder Springs if the company is an alien insurer. The commercial general liability policy must include separate aggregate limits per project. Excess liability coverage may be used in combination with the base policy to obtain the following limits.

- \$1,000,000 per Person
- \$1,000,000 per Occurrence
- \$1,000,000 per General Aggregate
- \$1,000,000 per Products/Completed Operations and Aggregate

D. ***Umbrella Liability***

Combined Single Limit of Bodily Injury and Property Damage Liability. This policy shall be written on an Umbrella basis and shall follow the form of coverage as described in the policies above, except Workers' Compensation policy.

- \$1,000,000 per Occurrence
- \$1,000,000 per Annual Aggregate

E. ***Hazardous Operations***

When the work for the contractor or subcontractor involves any subsurface activities, the contractor or subcontractor shall provide liability coverage for explosion, collapse, and underground hazards with the minimum limits listed above. Other hazardous operations, as determined by the contractor or subcontractor may require other coverage and/or higher limits of liability.

F. ***Business Auto Liability Insurance***

The contractor shall procure and maintain a business automobile liability policy with liability limits of not less than \$1,000,000 per person and \$1,000,000 per occurrence or a policy with a combined single limit of not less than \$2,000,000 covering any owned, non-owned or hired autos. Excess liability coverage may be used in combination with the base policy to obtain these limits.

- Comprehensive form covering all owned, non-owned, leased, hired, and borrowed vehicles
- Additional Insured Endorsement
- Contractual Liability

G. ***Professional Liability Insurance***

For professional services the contractor shall procure and maintain a professional liability insurance (errors and omissions) policy with liability limits of not less than \$2,000,000 (project specific for the City of Powder Springs) per aggregate, \$1,000,000 per claim, and a maximum deductible of \$50,000.

H. ***Required Bonds***

The City Manager, or designee may require, after consultation with the City Manager and/or Department Head(s), that bids and proposals be accompanied by a cashier's check, money order, bond, or letter of credit for 5% of total cost (Bid Bond). However, bonds are to be used sparingly, as

they tend to increase the cost of bidding and reduce competition. The City of Powder Springs reserves the right to require bonds on all awards over \$25,000.00. Below is a description of all the above bonds.

1. Bid Bond

A bid bond satisfactory and payable to the City in the amount equal to 5% of the bid price must be submitted with the bid. The bid bond shall be executed by a surety company, licensed to do business in the State of Georgia listed in the Department of the Treasury Circular 570, latest revision. The Surety Company shall have an A.M. Best Company minimum rating of no less than A- or otherwise acceptable to the Owner. No company, regardless of the size or financial rating, will be allowed to write its own bond. SUBSTITUTION OF CASHIER'S CHECK OR CERTIFIED CHECK MAY BE ACCEPTED. When the amount of any bid bond required does not exceed \$300,000.00, the governmental entity may, in its sole discretion, accept an irrevocable letter of credit issued by a bank or savings and loan association, as defined in Code Section 7-1-4 of the Official Code of Georgia, in the amount of and in lieu of the bond otherwise required under Code Section 36-91-50

2. Performance Bond

A Performance Bond satisfactory to the City each in the amount of 100% of the contract sum will be required of successful bidder to guarantee delivery of completed work under contract and payment for labor and materials. No company, regardless of size or financial rating, will be allowed to write its own bonds. The Surety Company shall have an A.M. Best Company minimum rating of no less than A- or otherwise acceptable to Owner. Bonds must be accompanied by letter stating bonding company's current rating for verification prior to acceptance by the Owner and execution of the formal Owner/Contractor agreement. SUBSTITUTION OF CASHIER'S CHECK OR CERTIFIED CHECK MAY BE ACCEPTED. When the amount of any bid bond required does not exceed \$300,000.00, the governmental entity may, in its sole discretion, accept an irrevocable letter of credit issued by a bank or savings and loan association, as defined in Code Section 7-1-4 of the Official Code of Georgia, in the amount of and in lieu of the bond otherwise required under Code Section 36-91-50

3. Payment Bond

A "Payment Bond" is one executed in connection with a contract, accompanied or delivered in a specified time by a cashier's check, money order, bond, or letter of credit (not to exceed \$300,000.00) for 100% of the total contract cost, to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

Bid surety bonds, performance and payment bonds must be accompanied by a Certificate of Power of Attorney showing that the party who executed the bonds is authorized to do so by the surety company.

VIII. PROCUREMENT AND PURCHASING

A. Intent

The purpose of this policy is to provide guidance for the procurement of goods and services in compliance with procurement provisions of the City of Powder Springs and the State of Georgia. The goal of this policy is to establish, foster, and maintain the following principles:

- To consider the best interests of the City in all transactions.
- To purchase without prejudice, seeking to obtain the maximum value for each dollar expenditure with maximum quality standards.
- To subscribe to and work for honesty and truth in buying.

B. General Guidelines

- The Department is encouraged to negotiate with suppliers, vendors, and contractors to get the lowest quotations for the purchase.

- If the Department believes it advantageous to the City, they may negotiate to have prices held steady for an established period through a Letter Agreement.
- As a general guideline, purchasing agents shall attempt to broaden the list of suppliers from whom the Department request quotes to afford other qualified suppliers a chance to earn City business. The goal is not to obtain quotes from the same three (3) companies for similar purchases each time, while at the same time obtaining the best deal for the City.
- Departments shall see that the purchasing process shall be fair and equitable.
- Contracts and purchases shall not be divided into separate accounts and purchases to avoid the financial threshold for the competitive purchasing process (Split Bidding).
- Be sure technical information defines acceptable quality and ensures vendors are quoting on equal and comparable items, etc. All vendors must be provided the same information. If one vendor offers an acceptable alternate, it must be re-quoted using the alternate specifications.
- Make it clear that the City is not going to pay for any technical information, although if you plan on sharing this information with other vendors, you need to say so up front. It makes vendors very upset when you obtain technical specifications from them and then use those specifications to get more quotes. Let them know you are going to get quotes from the start.
- The City of Powder Springs recognizes the value of advisory or consultative services that vendors often provide to agencies. Services of this type, nonetheless, are regarded as normal sales efforts, and no preferential treatment will be given to vendors providing such services when contracts are awarded. Moreover, no compensation may be paid for any such services unless they were provided pursuant to an existing contract.
- Equipment provided and installed by a vendor for the purpose of demonstration will not be given preferential recognition in contract awards, and the City will not be liable for any charges or costs incurred by vendors in making such equipment available, nor shall the City be

under any obligation to purchase or pay in any manner when a vendor, upon the request of an agency, delivers the equipment or other products for test or trial.

- Complete Competitive Bid Form for all telephone quotations thoroughly. Obtain freight pricing, if not indicated by vendor, on the form. Include first and last name of person contacted and phone numbers.
- All supplies, materials, and equipment supplied to the City must be new and in first-class condition unless the solicitation document specifically allows bids/proposals of used, reconditioned, or remanufactured items.
- It is the City of Powder Springs' policy not to endorse or in any way permit an employee's name, position, or the City of Powder Springs' name to be used and advertised as supporting a product or vendor.
- Personal purchases, other than those items required for performance of job, for employees by the City of Powder Springs are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases.

C. ***Sales Tax***

The City of Powder Springs is exempt from paying all local, state, and Hotel and Motel Excise Taxes. The Finance Department can provide the necessary exemption documents to any vendor/contractor upon request.

IX. DELIVERY AND PERFORMANCE

A. ***Delivery***

A contract or purchase order that is complete in all respects and accepted by the parties still must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms of the

Purchase Order must clearly define the delivery and performance requirements of the services, supplies, or equipment.

B. ***Delivery Guidelines***

- The importance of the delivery schedule should be emphasized to the vendor/contractor.
- Delivery requirements must be clearly written and fully understood by all contract participants.
- The delivery schedule will normally be shown by actual date in lieu of calendar days from a specific date or transaction, such as receipt of order by the vendor.
- It is also important that you clearly show the place for delivery and the receiving time schedule at the delivery points. In determining delivery locations, the department should analyze each specific location in respect to product, cost, timeliness, and other relative factors.
- If there are liquidated damages for non-delivery or late delivery, you should call these terms to the attention of the vendor/contractor and stress their importance.
- All parties shall know where the material will be accepted – F.O.B. origin or destination (preferred).
- All items should be examined immediately upon receipt and before the delivery company is allowed to leave the premises.

C. ***Delinquent Deliveries***

When follow-up efforts have failed, and the deliveries have become delinquent, one of two actions must be taken:

- Authorize additional time for delivery.
- Cancel and order from another bidder or re-bid.

In all cases, the reasons for delinquent deliveries will be documented. This information will be needed in evaluating future bids submitted by the vendor/contractor.

D. ***Partial Deliveries***

Some purchases may list several items. In this event, it may be possible for the vendor/contractor to complete timely delivery on some of the items, which would be referred to as “partial deliveries” on the complete order. If these items can be used separately, partial payments can and should be authorized. However, if the separate items were part of a system, then partial deliveries would be of little value to the City of Powder Springs. In this case, partial payments should not be authorized.

E. ***Freight***

Whenever you are shipping an item that will incur freight charges, always request that it be shipped F.O.B. destination (Free On Board at destination), freight prepaid and allowed. What this means is that the carrier owns the merchandise until it reaches your door and there won't be a separate invoice for freight (preferred). If anything should happen to the merchandise during shipping, the carrier is responsible for filing the claims, instead of the City.

FOB determines at what point the ownership transfers. If an item is FOB origin (Free On Board at origin), the City owns the merchandise from the point of shipping while it is in transit.

F. ***Performance***

Should the vendor/contractor fail to meet any requirement of the Purchase Order, the vendor/contractor can be cited for non-performance. The seriousness of non-performance must be evaluated based on the circumstances surrounding each violation. However, there should always be some recourse to the City of Powder Springs when a vendor/contractor fails to perform in accordance with the terms and conditions. These recourses include:

City of Powder Springs Policies



- The City may exercise its right under a liquidated damages clause or under the terms of a performance bond.
- The City may obtain the needed items from another source and charge the delinquent vendor the excess difference in cost however, obtaining the delinquent items from another source is not always an acceptable solution, and since additional delivery time may be required. A revised delivery schedule with the vendor may be the best remedy.
- The City may terminate the contract for default if it is in the best interest of the City and provided that the items can be obtained under more favorable conditions from other sources.