

Purchasing 101

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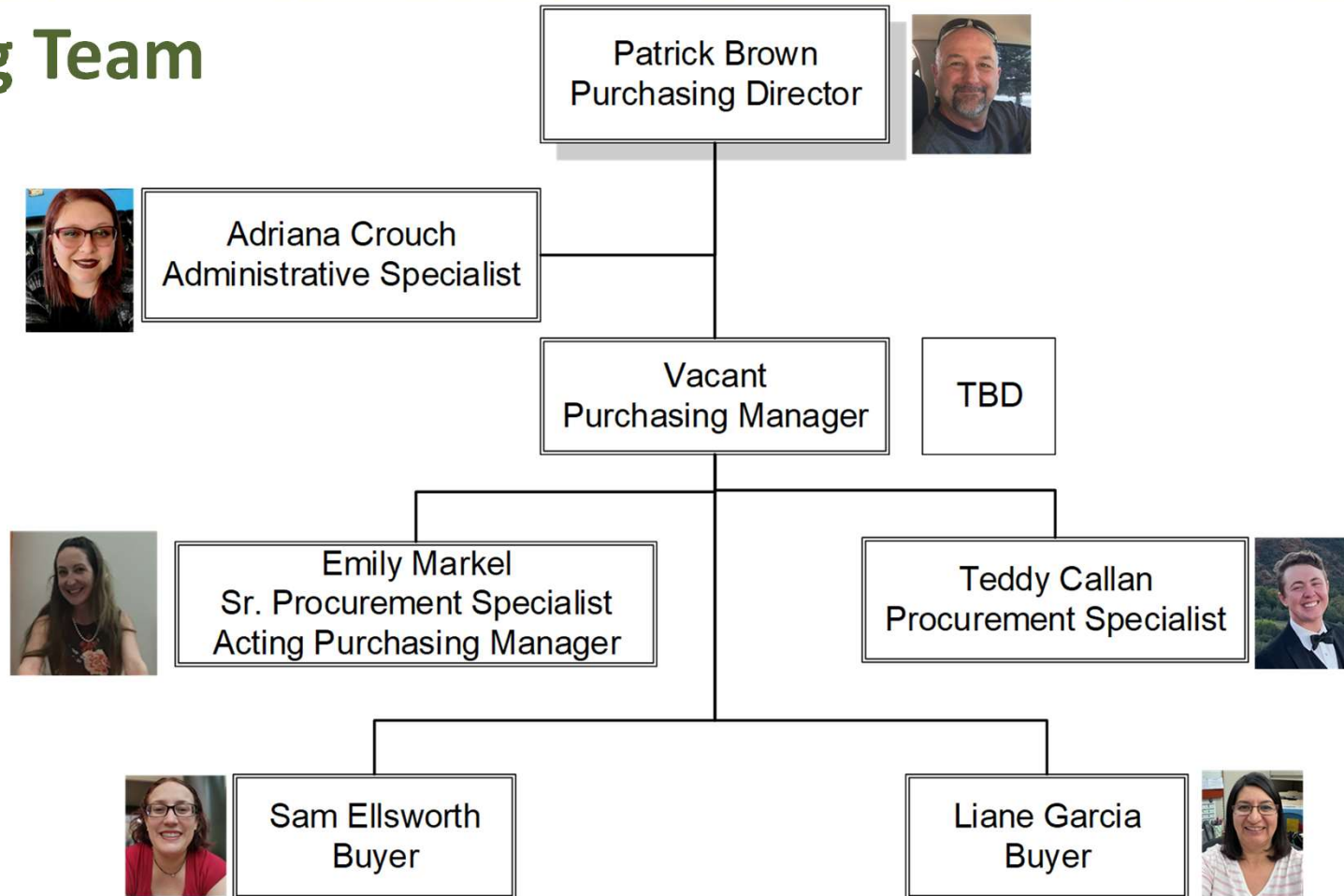




Introduction



Purchasing Team





Introduction



Mission Statement

The mission of the Purchasing section is to support the goals and objectives of the City by delivering consistent and professional procurement and management support to all employees in accordance with all applicable local, state and federal procurement rules and regulations and to assist in making best-value procurement decisions while maintaining the highest ethical standards.



Introduction



Purchasing's Role

- Sourcing: Material goods, tangible assets, professional services and capital improvements
- Soliciting: Informal and Formal
- Vendor Management: monitoring, evaluating and quality control
- Cost Control: price negotiating and monitoring
- Legal Control: adhering to purchasing laws and regulations



Introduction



Purchasing's Role Continued...

- Stewards of tax payers money
 - Procuring the best product or service at the best possible price
 - Ensuring an unbiased process
 - Maintaining a fair, equitable and competitive process
- Facilitating and guiding
 - Managing the procurement with end users
 - Guiding the end user through the procurement process
- Liaison
 - COF conduit to vendors



Introduction



Additional Procurement Responsibilities

- Process an average of 3,000 Purchase Orders Annually
- Manage the Purchasing Card (P-Card) Program
- Manage the City issued Cell Phone Program
- Manage the disposal of City Surplus Property
- Maintain all vendor Certificates of Insurance
- Maintain vendor files
- Administrative Support for Management Services Division



Regulatory Requirements



Primary

- Arizona Revised Statutes
 - Arizona Procurement Code
- City Charter
- Procurement Code Manual

As Required

- Maricopa Association of Governments MAG Specifications
 - COF Revised MAG Specifications
- State Grant Provisions
- Federal Grant Provisions



Regulatory Requirements



Arizona Revised Statutes

- Example Titles
 - Title 9-4.1: Purchase, Sale or Lease of Property
 - Title 34 (ALL) – Construction procurement requirements for Public Works building and improvements
 - Title 41-2632 Authorizing agencies to participate in Cooperative purchasing contracts
- Arizona Procurement Code
 - Article 1.4 – Competition and Maintaining a Fair and Open Process



Regulatory Requirements



City Charter

- Article VIII – Contracts
 - Section 1 – All contracts under supervision of City Attorney
 - Section 2 – Purchases and contracts over \$50,000 approved by City Council
 - Shall be advertised for bids (Formal/Cooperative)
 - Section 3 – Bids
 - Shall be pursuant to Arizona State Procurement Code as amended by the City Council (COF Procurement Code Manual)
 - Section 9 – Leases of City Property
 - Leases of land, buildings or equipment



Regulatory Requirements



Procurement Code Manual

- Article 7 – Informal and Formal Limits
 - Informal – Procurements under \$50K
 - Formal – Procurements over \$50K
- Article 9 – Formal Procurement Process
 - Conducted through an open sealed solicitation process
- Article 20 – Procurements From Solicitation by Other Government
 - Cooperative Contracts
 - Joint Solicitations



The Basics



It All Starts With A Request From An End User

- End User Makes the Request
 - End User defines the scope, specifications, timeline, etc.
 - Material Good or tangible asset
 - Vehicles, Property, Equipment, etc.
 - Services
 - Professional, Consulting, General, etc.
 - Capital Improvements
 - Design
 - Construction



The Basics – City Thresholds



Thresholds

- \$0 - \$5,000
- \$5,001 - \$15,000
- \$15,001 - \$49,999
- \$50,000 and over

Type and Requirement

- **Informal** – Direct Select (PCM)
- **Informal** – 3 Documented verbal quotes (PCM)
- **Informal** – 3 Written Quotes on Vendor Letterhead (PCM)
- **Formal** – Solicitation and Council Approval (Charter)

PCM = Procurement Code Manual



The Basics – Informal



Solicitation Process – Under \$50,000

- No advertising required
- Department/Section must contact, at minimum, three (3) vendors for quotes
 - Purchase under \$5,000 may direct select
- Purchase does not need to be approved by City Council
 - However, in matters of high community interest and/or potential controversy, the City Manager may decide to bring any contract to a Council Meeting obtain input.



The Basics - Formal



Solicitation Process – Over \$50,000

- Solicitations must be advertised in a local publication and posted on the City's designated website (PlanetBids)
- Solicitation must be posted for a minimum of two (2) weeks
- Solicitation must be fair and equitable to all public competition
- Expenditure must be budgeted or approved by Budget Team
- Contracts must be reviewed by City Attorney
- Contract must be awarded by City Council



The Basics - Formal



Solicitation Types

- IFB (Invitation for Bids)
 - Scope of work is definitively defined
 - Price is the determining factor – awarded to the lowest responsive responsible bidder
 - Materials, vehicles, equipment, real estate, construction, etc.
- RFP (Request For Proposals)
 - Scope of work is not definitively defined
 - Price is a factor, but is also determined by qualifications and experience or technical requirements
 - Consulting, maintenance, research/analysis, labor, etc.



The Basics - Formal



Solicitation Types Continued...

- RSOQ (Request for Statements of Qualifications)
 - Scope of work is summarized
 - Price is NOT considered, award factor is based strictly on qualifications and experience.
 - Price and final scope of work is negotiated with the highest scoring vendor/firm/contractor.
 - Professional Services (Engineer, Architect), Alternative Project Delivery Methods (Design-Build, CMAR, JOC), Master Planning, etc.



The Basics – Formal or Informal



Terminology

- Responsive
 - A vendor submittal for a solicitation that conforms in all material respects to the solicitation requirements.
- Responsibility/Responsible
 - A vendor submittal for a solicitation who has the capability, skills and experience to perform the contract requirements, and the integrity and reliability assuring good faith performance.
- Solicitation
 - A request by the City inviting vendors to participate in a procurement.



The Basics – Formal or Informal

Exceptions to Solicitations

- Sole Source Procurement
 - Only one vendor that can provide the service or product
- Proprietary Procurement
 - Vendor holds copyrights (Software, Chemicals)
- Emergency Procurement
 - Threat to public health, welfare or safety, or if a situation exists which makes compliance with the procurement process contrary to the public's interest
- The 3 exceptions require a completed justification form
 - Form is reviewed, investigated and approved by Purchasing



The Basics – Formal or Informal



Exceptions Continued...

• Cooperative Procurements

- End user identifies specific need through their research and/or has a time sensitive need
- Procuring materials, commodities or services from another agency's contract (a.k.a. piggybacking)
- Cooperative agency has already performed the public procurement process. Purchasing staff confirms that it satisfies COF's public procurement
- The cooperative agency contract must be current and for same/similar items or scope
- Reduces the procurement processing time (increased efficiency)



The Basics – Formal or Informal

Cooperative Procurements continued...

- Examples
 - Below \$50K
 - Mail Meter Equipment – \$11K
 - Rio De Flag Appraisal Services - \$36K
 - IT Advisory, Assessment, Verification and Validation Services - \$47K
 - Above \$50K
 - Orthoimagery/Lidar Data – \$75K (Council approved 2/7/23)
 - 12 X-Series Advanced Defibrillator - \$496K (Council approved 9/20/22)
 - Aerial Bucket Quint (Fire Truck) - \$1.9M (Council approved 1/17/23)



Procurement Stats



- Procurement time
 - Informal (Quotes) – 1 to 3 weeks
 - IFB – 3 months
 - RFPs, RSOQs – 3 to 8 months (depending on complexity)
 - Cooperatives – 1 week to 2 months
- FY 2021/2022: 153 Contracts
 - 107 solicited contracts
 - 46 cooperative contracts
- FY 2022/2023: 123 Contracts (as of end of March)
 - Anticipate approximately 38 by end of FY (est. 161)



Improvements in Purchasing



In Progress and Up Coming

- Charter
 - Revisions to Article VIII – Contracts
 - Updating terminology
 - Procurement Threshold
 - Coming to Council in May 2023 for consideration on November 2023 election
- Procurement Code Manual
 - Revisions to the Procurement Code Manual
 - Currently Articles 1-7
 - Requires Council's review and approval – Coming before break



Purchasing 101



QUESTIONS?