

City of Winston-Salem

Purchasing Policy and Procedures Manual



Winston-Salem

City of Winston-Salem
Purchasing Policy and Procedures Manual

TABLE OF CONTENTS

SECTION 1 – GENERAL INFORMATION.....	4
1.1 FORWARD.....	4
1.2 OVERVIEW.....	4
1.2.1 Centralized Purchasing.....	4
1.2.2 Program Administration.....	5
1.2.3 Competitive Bidding.....	5
1.2.4 Local Buying.....	5
1.3 CODE OF CONDUCT.....	6
SECTION 2 – BIDDING PROCESS.....	6
2.1 COMPETITIVE BIDDING METHODS.....	6
2.2 DISCRETIONARY SPENDING UNDER \$30,000.....	7
2.3 INFORMAL BIDS.....	8
2.4 FORMAL BIDS.....	9
2.4.1 EXCEPTIONS TO THE FORMAL BIDDING REQUIREMENTS.....	11
2.5 REQUEST FOR PROPOSALS.....	12
2.5.1 Determining “Best Value” in Procurement.....	13
2.6 PROFESSIONAL SERVICES.....	14
2.7 MINORITY/WOMEN’S BUSINESS ENTERPRISE M/WBE REQUIREMENTS.....	14
2.8 ADVERTISING FOR BIDS.....	15
2.9 BID OPENING PROCEDURES.....	16
2.10 BID DEPOSIT/BID BOND.....	17
2.11 AWARD OF CONTRACTS.....	18
2.11.1 Summary of Contract Award and Authorization Approvals.....	19
2.12 PERFORMANCE AND PAYMENT BOND.....	19
2.13 VENDOR RELATIONSHIPS.....	20
2.14 GENERAL PURCHASING PROVISIONS.....	21
2.14.1 Negotiating with Bidders.....	21
2.14.2 Public record.....	21
2.14.3 Rejecting Bids.....	22
SECTION 3 – PURCHASING PROCEDURES.....	22
3.1 REQUISITIONS.....	22
3.2 PURCHASE ORDERS.....	23
3.3 BLANKET PURCHASE ORDERS.....	23
3.4 ORDERS.....	24
3.5 CHANGE ORDER REQUESTS TO ENCUMBER FUNDS.....	25
SECTION 4 – SPECIAL PROCEDURES.....	26
4.1 BID PROTEST PROCEDURES.....	26
4.2 PURCHASING CARD POLICY.....	26
4.3 SURPLUS – PERSONAL PROPERTY.....	28
4.3.1 Declaring Personal Property as Surplus.....	28
4.3.2 Sale of Disposal of Personal Property.....	29
4.3.3 Donation of Personal Property.....	31
4.4 EXTENDABLE TERM CONTRACTS.....	31

City of Winston-Salem
Purchasing Policy and Procedures Manual

SECTION 5 – CONTRACT CONTROL POLICY.....	32
5.1 ETHICAL STANDARDS AND POLICIES	32
5.2 CODE OF ETHICS	32
5.3 INTRODUCTION	32
5.4 WHY DO I NEED A CONTRACT?	32
5.5 WHEN DO I NEED A CONTRACT?	33
5.6 WHERE DO I GET ONE?	33
5.7 PURPOSE	33
5.8 DEFINITIONS	33
5.9 TYPES OF CONTRACTS	34
5.9.1 Service Contracts.....	34
5.9.2 Contract Amendment or Addendum.....	34
5.9.3 Contract Extension.....	34
5.9.4 Consulting Contract.....	34
5.9.5 Professional Service.....	35
5.9.6 Construction.....	35
5.9.7 Purchase of Goods Contract.....	35
5.9.8 Lease.....	35
5.9.9 Grant.....	35
5.9.10 Non-Standard/Vendor Contract.....	35
5.9.11 Inter-local Agreement.....	35
5.9.12 Memorandum of Understanding.....	35
5.10 CONTRACT POLICY	35
5.11 USE OF TEMPLATE CONTRACTS	36
5.12 EXCEPTIONS TO THE USE OF TEMPLATE CONTRACTS	36
5.13 CONTRACT RECORDS MANAGEMENT.....	36
5.14 MULTI-YEAR CONTRACTS	36

City of Winston-Salem

Purchasing Policy and Procedures Manual

Section 1 – General Information

1.1 Forward

This purchasing policy and procedures manual is intended for use as a guide to the City of Winston-Salem's purchasing methods and practices. When used properly and with common sense, the policies and procedures established herein will enable the City to obtain needed materials, equipment, supplies and services efficiently and economically. It also provides for application of all North Carolina general statutory provisions pertaining to local governmental purchasing.

The understanding and cooperation of all employees is essential if the City is to obtain the maximum value for each tax dollar spent. While this manual does not answer all questions related to purchasing, it does provide the foundation for a sound centralized purchasing system.

The basic goals of the City's purchasing program are:

- To comply with the legal requirements that govern public purchasing and procurement.
- To assure vendors that impartial and equal treatment is offered to all segments of the vendor community, including small businesses, minority, and women-owned/operated enterprises.
- To professionally administer the search for sources of supplies, the development of new sources, and the selection of suppliers.
- To promote good and effective vendor relations, cultivated by informed and fair buying practices and strict adherence to ethical standards.
- To ensure the wise, prudent, and economical use of public money in the best interest of the taxpayers.
- To ensure appropriate public access to contracting information.

If the policies and procedures outlined in this manual are followed, each department can efficiently manage, control and plan its available resources to meet present and future departmental needs and help the City to meet these goals. Should there be any question(s) pertaining to the policies and procedures in this manual, contact the Purchasing Division.

The purchasing process is an ever-changing process due to new technology and tools available to the purchasing profession. Therefore, this manual shall be reviewed and revised periodically to keep current with continued developments as they pertain to the purchasing process.

The procedures contained within this manual are administrative and may be changed as necessary at staff level.

1.2 Overview

1.2.1 Centralized Purchasing

It is the policy of the City of Winston-Salem that the Purchasing Division provide centralized procurement services for the City. The Purchasing Division has been tasked with overseeing ALL purchasing activities across the City, to maintain and ensure compliance with regulatory guidelines and internal control procedures, to conduct business with the highest level of customer service, ethical standards, fairness, and transparency, while welcoming qualified, responsible, and diverse vendors.

The main purpose of centralized purchasing is to provide for a uniform and systematic method of purchasing the necessary goods and services required by the City departments.

City of Winston-Salem

Purchasing Policy and Procedures Manual

1.2.2 Program Administration

The Purchasing Director shall administer an effective centralized purchasing program for the City by:

- Carrying out the policy directives of the City Council, City/County Utility Commission, City Manager, and the procedures established
- Providing timely, effective, and efficient service to City departments and divisions, and to vendors doing business with the City
- Maintaining open communications with departmental representatives and the public in general
- Encouraging free and open competition in the bid process.

1.2.3 Competitive Bidding

The City shall obtain competitive bids on all purchases as required by North Carolina General Statutes. When economically feasible, competitive bids are to be obtained, regardless of the dollar amount, whenever it is deemed to be in the best interest of the City.

1.2.4 Local Buying

It is the desire of the City to purchase from vendors located within the City of Winston-Salem/Forsyth County and whenever possible from local Minority/Woman Business Enterprise (M/WBE) businesses. This can be accomplished by insuring that local vendors who have goods or services available which are needed by the City are included in the competitive purchasing process. Local vendors are defined as any business with a physical address location (a P.O. Box does not qualify) within the corporate limits of Winston-Salem. For purchases made by City/County joint departments, local vendors also include businesses with a physical location within Forsyth County. The City has a responsibility to its residents; however, North Carolina law does not allow the use of preferences in contracting over legal dollar thresholds. To insure that maximum value is obtained for each public dollar spent, the City cannot and will not make purchasing decisions solely on the basis of vendor residence. Rather, the City will endeavor to encourage local vendors and suppliers to compete for all City business.

For all discretionary spending under \$20,000, local vendors must be used if available, and local M/WBE vendors must be given the opportunity to bid/propose.

Highlights of the purchasing rules are listed below:

- For all purchases under \$20,000 by City Departments, vendors that are located within the corporate limits of Winston-Salem must be used if available.
- For all purchases under \$20,000 by City-County Departments, vendors that are located within Forsyth County must be used if available.
- For all purchases under \$20,000, quotes must be obtained from local minority and women vendors if available.
- For all purchases under \$20,000, quotes should only be obtained from non-local vendors if no qualified local vendors exist.
- All Purchases over \$20,000 must be handled by the Purchasing Division unless an exception has been authorized by the City Manager.
- Purchase cards must be used only for a total vendor purchase under \$1,000. Splitting transactions on separate invoices to avoid exceeding the \$1,000 limit is strictly prohibited.

City of Winston-Salem

Purchasing Policy and Procedures Manual

- All expenditures above \$1,000 must be made with a purchase order unless an exception has been authorized by the City Manager.

1.3 Code of Conduct

I. Purpose

To establish a standard written code of conduct.

II. Code

All procurement activities must be conducted according to applicable laws, rules, regulations, and policies of certain federal funding, City of Winston-Salem, and the State of North Carolina, specifically General Statute 14-234.

All procurement activities must maintain integrity at all times, be kept free from any personal obligations to vendors or contractors and respect their confidence.

No employee or officer of the City of Winston-Salem shall participate in the award or administration of a federal, state, or locally funded project or purchase if that person, that person's spouse, any member of that person's immediate family, or an organization which employs or is about to employ the person, the person's spouse, or a member of the person's immediate family has a financial or other interest in the company selected for award.

Any City employee having knowledge of or a reason to know of a potential personal interest or upon the discovery of a potential personal interest has an affirmative duty to disclose such personal interest to the department head. Any attempts by any person, firm or corporation to influence the decision of a City employee with regard to City business must be reported to the City Manager.

For a complete review of the City Policy go to the following link:

<http://wshome.cityofws.org/Portals/1/pdf/HR/Ethics%20Policy%20Revised%20May%2019%202014-Whistleblower%20revision.pdf>

Section 2 – Bidding Process

2.1 Competitive Bidding Methods

I. Purpose

The purpose of this policy is to define the City's position and business practices regarding competition and to describe the methods used for competitive bidding.

II. Policy

It is the policy of the Purchasing Division to evaluate and insist on specifications that will ensure competitive bids whenever possible. Because competition is critical to public purchasing, it is essential that specifications be developed to ensure that a sufficient number of competitive bids will be received. Specifications shall be as simple as possible while maintaining the degree of exactness required to meet the requirements of goods and/or services being requested. Specifications utilizing a brand name must include the term "or approved equal" to avoid being restrictive and eliminating fair competition from the bidding

City of Winston-Salem

Purchasing Policy and Procedures Manual

process. Well-written specifications will ensure that the Purchasing Division is able to procure what is needed, when it is needed, at the lowest possible cost.

The Purchasing Division will determine which purchasing method will be most advantageous to the City and will ensure that all state laws and local policies are followed.

III. Procedure

Competitive Sealed Bids: Formal bid requirements shall be met by use of the sealed bid process. The Purchasing Division may utilize the methods for formal competitive bids or may determine other appropriate methods for soliciting sealed bids. Bids shall be advertised and shall include the time, date, and place for opening of bids and where bidding documents may be obtained.

Request for Bids/Quotations/Invitation for Bids: Informal bids may be secured by the solicitation of bids/quotes from prospective vendors. These bidding documents may be submitted to the vendor via electronic mail, mail courier, or by fax. The document may be returned by hand delivery, mail, fax, or email (whichever means is requested by the city), and must be dated and have an authorized vendor signature.

Request for Proposals: G.S. 143-129.8 contains an alternative provision which gives local governments more flexibility in purchasing a combination of information technology, goods, and services. The statute authorizes local governments to use a Request for Proposals (RFP) process rather than an Invitation to Bid (ITB). An RFP process may be used to procure services as well as any combination of goods or services, particularly when the services component of the purchase is greater than the goods component. Technology and services contracts and other contracts that include a combination of goods and services, are not necessarily well-suited or best handled using the traditional bid processes called for in G.S. 143-129, and therefore a more flexible approach by City/County departments is desirable. The RFP process allows the City/County to employ a more flexible standard of award that allows for decisions to be made based on need and/or best value, not just low bid.

2.2 Discretionary Spending Under \$30,000

I. Purpose

The purpose is to provide a uniform procedure for obtaining bids for the purchase of apparatus, supplies, materials, or equipment and for construction or repair work which are less than the limits prescribed in N.C.G.S. 143-131 (less than \$30,000).

II. Policy

Under \$20,000. It is the policy of the Purchasing Division in accordance with the Local Buying directive to purchase from vendors located within the City of Winston-Salem/Forsyth County whenever possible. For all discretionary spending under \$20,000, local vendors must be used if available, and local M/WBE vendors must be given the opportunity to bid/propose. Local vendors are defined as any business with a physical address location (a P.O. Box does not qualify) within the corporate limits of Winston-Salem. For purchases made by City-County joint departments, local vendors also include businesses with a physical location within Forsyth County.

Purchases should be from the lowest responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Bids and quotes shall **not** be subject to public inspection until the purchase decision has been made.

Over \$20,000. All purchases over \$20,000 must be handled by the Purchasing Division unless an exception has been authorized by the City Manager. The Purchasing Division utilizes the Informal Bid procedure described elsewhere in this section for purchases over \$20,000.

III. Procedure

1. For purchases anticipated to be more than \$20,000 the requesting department must submit sufficient specifications/scope of work to the Purchasing Division who will determine which competitive bidding method will be in the best interest of the City.
2. For purchases anticipated to be less than \$20,000 the requesting department is to make an effort to obtain a minimum of three price quotes/bids or provide explanation for the reason for less than three quotes (examples: there are only two known local vendors who provide this item; sent four requests, but only received one quote).
3. Quotes in writing are preferred; avoid phone quotes if possible and if feasible.
4. Quotes must be pursued from local minority and women vendors if available.
5. Quotes should only be pursued from non-local vendors if no qualified local vendors exist.
6. A requisition is prepared and submitted by the requesting department. This requisition should include received price quotes/bids. An explanation should be provided when there are not three bids from local vendors including minority and women vendors.
7. The Purchasing Division will issue a purchase order to encumber the funds and process the order.

2.3 Informal Bids

I. Purpose

The purpose is to provide a uniform procedure for obtaining bids for the purchase of apparatus, supplies, materials, or equipment and for construction or repair work which are classified as **Informal Bids** as referred to by N.C.G.S. 143-131.

II. Policy

It is the policy of the Purchasing Division to obtain all **Informal Bids** as described in N.C.G.S. 143-131 in writing. In accordance with N.C.G.S. 143-131, informal bids are required for *purchase contracts* costing \$30,000 to the formal limit of \$90,000; and *construction or repair work* costing \$30,000 up to the formal limit of \$500,000; however the City of Winston-Salem governing body has established the formal limit at \$300,000. The use of a registered architect or engineer is required for certain construction or repair projects in the informal range (N.C.G.S. 133-1.1(a)).

Bids may be obtained by utilizing any one of the competitive bidding methods described in this policy if the Purchasing Division deems it to be in the best interest of the City. Bids must be received per the bidding document instructions in order for the bid to be valid.

All contracts shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, and the time specified in the bids for the performance of the contract.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Bid tabulations are **not** to be subject to public inspection until the contract has been *awarded* (N.C.G.S. 143-131). However, if the bid opening was held publicly, then the City may release the bid results immediately thereafter for the convenience of interested parties.

III. Procedure

1. The requesting department must submit sufficient specifications/scope of work to the Purchasing Division who will determine which competitive bidding method will be in the best interest of the City.
2. The Purchasing Division will prepare the appropriate bidding document which will include, but is not limited, to:
 - Bid Number
 - Date and time question period ends (if applicable)
 - Date, time, and location quotes/bids are due back to the City
 - Detailed description and quantity of articles or work desired
 - Specifications which outline the quality of materials and services desired, denote product brands that are acceptable, and spell out the city's expectations, such as contract time, hours of availability, what city assistance may be given, and level of quality desired
 - Specified materials should encourage competition or allow submission of equal materials for city review and approval
 - Notices to proposers/bidders and/or instructions to proposers/bidders.
3. The Purchasing Division will prepare a bid list of businesses that were solicited.
4. No advertisement for informal bids is required; however, the Purchasing Division may advertise as deemed appropriate.
5. Bids/Quotations are due on the date, time, and location specified and will be tabulated and evaluated in a timely manner.
6. Bids are coordinated with the requesting department to ensure that specifications are met and that sufficient funds are available before the award is made.
7. The requisition is approved by the authorized officials in accordance with the Contract Award and Execution procedures contained within this policy.
8. The Purchasing Division will issue a purchase order to encumber the funds and process the order.

2.4 Formal Bids

I. Purpose

The purpose is to describe the City's policy for the purchase or of apparatus, supplies, materials, or equipment, and for construction or repair work which must be secured through the competitive bid process governed by N.C.G.S. 143-129, which are classified as **Formal Bids**.

II. Policy

A **formal bid** is required when:

City of Winston-Salem

Purchasing Policy and Procedures Manual

1. The *estimated* expenditure is \$90,000 or more for the purchase of apparatus, supplies, materials, and/or equipment.
2. The *estimated* expenditure is \$500,000 or more for construction and/or repair projects; however, the City of Winston-Salem has established the formal limit at \$300,000.

In accordance with N.C.G.S. 133-1.1(a), the use of a registered architect or engineer is required for the following work:

- Non-structural work \$300,000 *and above*
- Structural repair or new construction \$135,000 *and above*
- Repair work affecting life safety systems \$100,000 *and above*

III. Procedure

1. The requesting department shall contact the Purchasing Division authorizing the purchase, construction or repair work.
2. The Purchasing Director or a designated Purchasing representative will review and modify (as needed) the specifications submitted by the requesting department to develop competitive specifications. If motorized equipment is being requested, the requesting department representative will assist in the development of the specifications. The IS Director or a designated representative will assist in the development of specifications for computer or technology equipment.
3. Specifications for certain construction or repair projects shall be prepared by a licensed architect/engineer firm as defined in GS 133-1.1. The Purchasing Director or designated Purchasing representative will provide the front-end documentation to the architect/engineer firm engaged to prepare such specifications, in order to include proper instructions and make bidders aware of city policies and procedures.
4. The Purchasing Director or a designated Purchasing representative will review the specification documents prepared by the licensed architect/engineer firm to ensure that state and local requirements have been met.
5. The Purchasing Director or a designated Purchasing representative shall solicit bids utilizing one of the authorized competitive sealed bid methods which best fits the City's needs. The Purchasing Director shall ensure that all state and local requirements are met, including advertising, bonding requirements, pre-bid conference, sealed bids, minimum number of bids (construction and repair), maintaining records, and public opening of bids.
6. For equipment purchases, consideration will be given to conduct a pre-bid conference with potential suppliers if the specifications are complex and/or the nature and size of the purchase warrants a pre-bid conference.
7. For construction projects estimated to cost \$300,000 or more, it is the City's policy to conduct a pre-bid conference for the purpose of explaining the City's requirements for the project, M/WBE subcontracting goals, and to answer any technical questions relating to the project.
8. Minority/Women's Business Enterprises subcontracting goals apply for formal building construction projects. (See Section 2.7)
9. N.C.G.S. 143-129(c) requires Performance and Payment Bonds for construction/repair projects \$300,000 or greater. Article 3, Chapter 44A covers the bond requirements.

City of Winston-Salem

Purchasing Policy and Procedures Manual

However, the City may require such bonds for any contract amount when deemed in the best interest of the City. (see Section 2.12)

10. The bid shall be advertised by electronic means and/or in a newspaper of general circulation in City of Winston-Salem at least seven (7) full days elapsing between the day the ad appears and the bid opening date. City Council has authorized advertisement by electronic means except when state/federal funds are used.
11. Sealed bids are received and opened in public at the time, place and date specified in the advertisement. Bids received after the advertised time and date cannot be considered. Per N.C.G.S. 143-132, three bids are required only for construction or repair contracts in the formal range. For construction or repair contracts, if three bids are not received at the first offering, a second advertisement shall be made, after which a contract may be awarded even if fewer than three bids are received. No minimum number of bids is required for purchase contracts.
12. The registered architect, engineer or consultant, City's Project Management Team, and Purchasing Director or a designated Purchasing representative shall review all bids to ensure that the specifications have been met.
13. The Purchasing Director or a designated Purchasing representative and the city department requesting the contract shall recommend award of a contract(s) to the lowest responsible, responsive bidder(s), taking into consideration quality, performance and the time specified in the proposals for the performance of the contract.
14. The Purchasing Director or a designated Purchasing representative is authorized to reject bids and re-advertise to receive bids.
15. Use of a City contract **is required** for all construction and repair projects. Contracts are prepared for review by all concerned (Purchasing Director, Finance Officer, City Attorney, and City Manager). Standard Form Contracts by an architect or engineer are not recommended, but may be utilized **only** after review and approval by the City Attorney.
16. A Governing Board agenda action form is prepared by the Purchasing Division and submitted for the respective City Board consideration. The appropriate Board shall approve or disapprove award of the contract.
17. Once approved, the Purchasing Division will oversee execution of the contract with the awarded contractor along with insurance verification and other required paperwork.
18. Following contract execution, a purchase order is issued along with other contractual documentation that may be required such as the Contract, Notice of Award, Notice to Proceed, etc.

2.4.1 Exceptions to the Formal Bidding Requirements

N.C.G.S. 143-129(e) lists the exceptions in which the *formal* bidding requirements do not apply. The City of Winston-Salem may utilize the following purchasing options rather than pursuing competitive bidding. Formal bidding is not required if any of these procedures are used. The

City of Winston-Salem

Purchasing Policy and Procedures Manual

Purchasing Director is responsible for gathering information to document the basis for the use of any exception to the competitive bidding requirements. The City Manager, with the Purchasing Director, will determine whether any of the following exceptions is appropriate for a purchase or group of purchases.

Exceptions that apply to **purchase contracts** only:

- Purchases from other governmental agencies
- Competitive group purchasing
- Purchase of gasoline, diesel fuel, alcohol fuel, motor oil, fuel oil, or natural gas. These purchases are subject to informal bidding requirements G.S. 143-131.
- Sole Source requires Board approval when greater than \$30,000 and City Manager approval when less than \$30,000
- Information technology goods or services purchased through the State Office of Information Technology or under request for proposals.
- State Contract purchases
- Purchase of *used* apparatus, supplies, materials, or equipment. For purposes of this exception, remanufactured, refabricated or demo apparatus, supplies, materials, or equipment is **not** included in the exception. A demo item is one that is used for demonstration and is sold by the manufacturer or retailer at a discount.
- “Piggybacking” or Previously Bid *Purchase Contracts* (requires governing board approval at a regular meeting upon 10 days public notice)
- Purchase of goods and services from nonprofit work centers for the blind and severely disabled.

Exceptions that apply to **construction or repair contracts** only:

- Change Order Work
- Construction Manager at Risk projects (Qualification Based Selection is required)
- Design-Build Services (Qualification Based Selection is required)
- Public-Private Partnership Construction Services (Qualification Based Selection is required)
- Force account work (note: limitations apply)
- Projects using unemployment-relief labor paid for in whole or in part with state or federal funds.

Exceptions that apply to **both** construction and purchase contracts:

- Special emergency involving health and safety of people and/or of their property
- Guaranteed energy savings contracts, which are governed by Article 3B of Chapter 143 of the General Statutes
- Solid waste management facilities.

Exceptions that apply to service contracts:

- Service contracts (including demolition)

The service contracts are not subject to bidding because they do not fall within the categories of apparatus, supplies, material or equipment; and construction or repair projects. However, service contracts should be developed which encourage competition with potential bidders.

2.5 Request for Proposals – Services (not considered Professional Services)

I. Purpose

City of Winston-Salem

Purchasing Policy and Procedures Manual

The purpose is to describe the City's policy for the process used to purchase services, other than Professional Services, or a combination of information technology, goods and services which are classified as **Request for Proposals**.

II. Policy

Services are distinguished by the provision of personal performance rather than the delivery of a tangible item. Because competition is critical to public purchasing, it is the policy of the Purchasing Division to solicit competitive bids for services when it is in the best interest of the City. Considering the procurement of services is not governed by G.S. 143-129, City policy allows the Purchasing Division to utilize any formal or informal method of procurement for services. The standard for services contracting should be based on the "best value" or best overall proposal or solution.

III. Procedure

1. Issuance of a Request for Proposals (RFP) is the preferred method used for service or technology contracts, or where specifications cannot be easily described in concrete terms and/or factors other than price need to be considered.
2. The procedures for advertising and proposal opening are flexible.
3. If needed, a pre-proposal conference will be scheduled to review pertinent terms and conditions and answer vendor questions pertaining to the RFP process. Pre-proposal conferences may be mandatory at the discretion of City Staff.
4. Proposals are received and opened, but are not read aloud.
5. A selected individual or committee evaluates the proposals and discussions may be conducted with responsible Proposers for the purpose of clarification to assure full understanding of, and conformance to, the solicitation requirements.
6. The selection criteria in a RFP may be more subjective than that allowed in an IFB, and factors other than price may be considered.
7. Negotiation is allowed, and the City has more flexibility in waiving adherence to RFP requirements.
8. Award of service contracts may be based on factors other than cost and responsiveness with such factors as vendor experience, qualifications, and solution possible taking precedence over price.
9. A Department, with City Manager approval, may waive the issuance of a competitive solicitation for a services contract when it is in the City's best interest to do so.
10. Services contracts in excess of \$100,000 will require Board approval.
11. The City Manager is authorized to approve, award, and execute all services contracts up to \$99,999.

2.5.1 Determining "Best Value" in Procurements

In determining "best value" in procurements, consider the following:

- The purchase price.
- The reputation of the vendor and the vendor's goods and/or services.
- The quality of the vendor's goods and/or services.
- The extent to which the goods and/or services meet City needs.

City of Winston-Salem

Purchasing Policy and Procedures Manual

- The vendor’s past relationship with the City.
- The impact on the ability of the City to comply with the laws and rules regarding the procurement of goods and/or services.
- The total long-term cost to the City of acquiring the goods and/or services.
- The material used in repairing goods and/or property.
- Any other relevant factor regarding the particular good and/or service.

2.6 Professional Services

I. Purpose

The purpose of this policy is to describe the procedures for the selection of professional service firms in accordance with the N.C.G.S. 143-64.31 and the exemption process as described in N.C.G.S. 143-64.32. Professional services include architectural, engineering, surveying, construction manager-at-risk services, design-build services, and public-private partnership construction services.

II. Policy

It is the policy of the City to select firms for professional services through the qualification-based selection process. Requirements for professional services must be “announced” and providers must be selected based on demonstrated competence and qualifications for the type of professional services required without regard to fee.

The City shall use “good faith efforts” to notify minority firms of the opportunity to submit qualifications for consideration.

The City may request **unit price** information at the time qualifications are received, and thereafter negotiate a lump sum contract for those services at a fair and reasonable fee with the best qualified firm.

If a contract cannot be negotiated with the best qualified firm, negotiations with that firm shall be terminated and initiated with the next best qualified firm.

III. Procedure

1. The Purchasing Division’s responsibility is to prepare the RFQ document for advertisement on the City/County Purchasing web page.
2. The Purchasing Division will review the document for compliance with city policies, and for clarity of scope, presence of evaluation criteria, and reasonableness of submission deadline.
3. Proposals are to be received by the requesting department. If sent to Purchasing, they will be forwarded to the department representative.
4. Evaluation of proposals shall be made by designated committee or authorized person(s), not the Purchasing Division.

2.7 Minority/Women’s Business Enterprises (M/WBE) Requirements

I. Purpose

To explain the City’s policy with regard to non-discrimination in purchasing practices and outline procedures to be utilized to ensure that purchasing practices will provide opportunities for participation by Minority/Women’s Business Enterprises (M/WBE’s).

City of Winston-Salem

Purchasing Policy and Procedures Manual

II. Policy

It is the policy of the City of Winston-Salem to provide minority and women-owned businesses equal opportunity to participate in all aspects of City procurement relating to building construction and repair contracts in accordance with the City's Minority Business Plan.

For the purpose of this policy, "Minority Business" is defined by statute as a business that is at least 51 percent owned by one or more ethnic minorities or socially and economically disadvantaged individuals.

These requirements apply for **building** construction projects greater than \$300,000.

III. Procedure

1. The Purchasing Director or a designated Purchasing representative and City's M/WBE Business Inclusion Manager are responsible for reviewing and ensuring that M/WBE's are provided with an opportunity to participate in the bid process. The Purchasing Division will solicit participation by known minority business enterprises and will maintain a record of contractors solicited. The Office of Business Inclusion will make efforts to recruit minority participation.
2. For **building** construction and repair projects costing \$300,000 or more, verifiable subcontracting goals are established by the City's internal M/WBE Committee.
3. The City's policy is to conduct a pre-bid conference for the purpose of explaining the Minority Business Enterprise Program as it related to each project and to offer any assistance needed for M/WBE's to participate.
4. For **building** construction projects of \$30,000 up to \$300,000, "good faith efforts" for participation are encouraged. The Purchasing Division will solicit participation by known minority business enterprises and will maintain a record of contractors solicited. The Office of Business Inclusion will make efforts to recruit minority participation.
5. The City is required to submit a quarterly report to the State Department of Administration, Historically Underutilized Businesses (HUB) program on the number of minority, women and handicapped contractors that the City has used for each individual building project. This required reporting applies to building construction projects costing \$30,000 or more regardless of the funding source. In addition, good faith efforts shall also be reported.

For formal building construction projects, M/WBE subcontractors are required to be HUB-certified to be counted toward meeting the established goals. HUB-certified firms must be registered with the North Carolina Office of Historically Underutilized Businesses: <https://ncadmin.nc.gov/businesses/hub>

2.8 Advertising for Bids

I. Purpose

The purpose of advertising bids is to inform the public of bidding opportunities and to meet certain statutory requirements.

II. Policy

City of Winston-Salem

Purchasing Policy and Procedures Manual

N.C.G.S. 143-129 requires that formal bids be advertised in a newspaper having general circulation, or by electronic means, or both. City Council has authorized advertisement by electronic means except when state/federal funds are used.

The Purchasing Director or a designated Purchasing representative shall advertise either electronically or in a local newspaper, whichever is determined to be most efficient and effective. Advertisements shall appear “at least one time and at least seven full days before the time specified for the opening of bids.

III. Procedure

1. Advertisement is prepared and shall contain the following information:
 - Time and place where plans and specifications can be obtained
 - Time and place for opening of the bids/proposals
 - That the City reserves the right to reject any and/or all bids/proposals
 - For construction projects: a notice that bidders must be properly licensed as required under Chapter 87 of the N.C.G.S.
2. Legal notices may be advertised under the name of the City Manager, the Purchasing Director or a designated Purchasing representative.

2.9 Bid Opening Procedures

I. Purpose

These procedures are to set forth a uniform method of opening sealed bids.

II. Policy

It is the City’s policy that *all* sealed bids in the formal range and/or all sealed bids in the informal range, if utilizing the sealed bid method, be opened in public by the Purchasing Division unless otherwise authorized.

It is also the City’s policy that the bid opening, evaluation, and award process be governed by the standards of openness and impartiality.

III. Procedure

1. All formal bids shall be sealed upon receipt and securely kept until bids are opened publicly and read aloud.
2. All informal sealed bids shall remain sealed until the deadline for bids has expired.
3. Formal bids shall be opened in public and read aloud at the time and place specified in the advertisement for bids. It is the Purchasing Division’s responsibility to open all formal sealed and informal sealed bids.
4. Formal bids for construction or repair projects *must* be accompanied by a five percent (5%) bid deposit in the form of cash, cashier’s check, FDIC certified check or a bid bond executed by a Surety licensed in the State of North Carolina. Personal or company checks will not be accepted. Facsimile bid bonds are not acceptable. The City may also, at its discretion, require bid deposits on informal construction or repair projects whenever deemed in the best interest of the City.

City of Winston-Salem

Purchasing Policy and Procedures Manual

5. Bids submitted without the proper bid deposit as required by statute will not be read aloud or considered toward the required three bids needed to open all bids. This also applies to construction or repair projects where the City is requiring a bid deposit on an informal bid.
6. Bids received after the time designated for the opening cannot be accepted. If a bid is received after the official bid opening date and time, the bid will not be opened. Unopened bids will be returned to vendor/contractor if present or upon request. A notation on the outside of the bid package stating the date and time received will be noted and the bid will be placed in the bid file, then destroyed if unclaimed once the award is made.
7. Three bids are required for construction or repair contracts in the formal range. If three bids are not received at the first offering for formal construction or repair projects, a second advertisement must be made, after which a contract may be awarded even if fewer than three bids are received. No minimum number of bids is required for informal contracts or purchase contracts.
8. All formal bids are subject to public inspection once they are opened and a bid tabulation will be made available to interested parties.
9. Informal bids are not subject to public inspection until after **contract award**. However, if the bid opening was held publicly, then the City may release the bid results immediately thereafter for the convenience of interested parties.
10. It is the Purchasing Division's business practice that only bid prices will be discussed at the bid opening. Bids will not be evaluated at that time.
11. Bids are later evaluated for compliance to specifications by the Purchasing Director and the responsible department/division head or designated representative. Bids will be awarded to the lowest responsible, responsive bidder or bidders taking into consideration quality, performance and the time specified in the proposals for the performance of the contract.

2.10 Bid Deposit/Bid Bond

I. Purpose

To explain when a bid deposit/bid bond is required and how it is processed.

II. Policy

1. A bid deposit is required for construction or repair projects at \$500,000 or greater. N.C.G.S. 143-129 states that "no (formal) proposal for *construction or repair* work may be considered or accepted unless at the time of its filing it is accompanied by a bid deposit equal to not less than five percent (5%) of the proposal." The bid deposit may be cash, cashier's check, or a certified check.

In lieu of making the cash deposit as above provided, bidder may file a bid bond executed by a corporate Surety **licensed** under the laws of North Carolina to execute such bonds.

2. Bid deposits are not required for *purchase* contracts; however, the City may require a bid deposit on **any** purchase contract, service, or any informal construction or repair project as it deems necessary. The City requires a bid deposit for formal construction or repair projects of \$300,000 or greater.

City of Winston-Salem

Purchasing Policy and Procedures Manual

3. **Bid Deposit:** If the successful bidder fails to execute the contract within 10 days after the contract award or fails to give satisfactory Surety (required bonds), the bid deposit may be retained by the City.
4. **Bid Bond:** If the successful bidder fails to execute the contract within 10 days after the award or fails to give satisfactory notice, the Purchasing Director may notify the Surety.

III. Procedure

1. Bids for which a deposit is required must be accompanied by a five percent (5%) bid deposit in the form of cash, cashier's check, certified check or bid bond executed by a Surety **licensed** in North Carolina. A company check or personal check is not acceptable.
2. If the proper bid deposit is not enclosed, the bid will not be considered.
3. Facsimile bid bonds are not acceptable.
4. Bid deposits in the form of cash, cashier's check, or FDIC certified checks are to be deposited by the Finance Department on the day of bid opening. This applies to the low bidder, and the next lowest bidder when deemed appropriate. As a business practice, bid deposits are immediately returned to the remaining bidders.
5. Bid bonds are retained by the Purchasing Division and filed with the bid. Bid bonds are not returned as they are non-negotiable.
6. Upon the award of the contract, a request for refund for each bid deposit is submitted to Accounts Payable by the Purchasing Division.
7. A check or cash deposit is returned to the successful bidder after the contract has been executed by the successful bidder and the City is in receipt of the performance and payment bond.

2.11 Award of Contracts

I. Purpose

To describe who is authorized to award and execute contracts on behalf of the City.

II. Policy

It is the City's policy to award all contracts in accordance with the North Carolina General Statutes and City policy.

All contracts shall be awarded to the lowest responsible, responsive bidder(s), taking into consideration quality, performance and the time specified in the proposals for the performance of the contract or receipt of goods or services.

It is the City's policy to obtain the Board approval on the following expenditures:

- All expenditures as required under "Contract Award and Authorization Approvals"
- In any amount greater than \$100,000
- Sole Source purchases (as required by N.C.G.S. 143-129(e)(6))
- Previously Bid or "piggybacking" contracts (as required by N.C.G.S. 143-129(g))

The dividing of contracts to evade these provisions is prohibited.

City of Winston-Salem

Purchasing Policy and Procedures Manual

2.11.1 Summary of Contract Award and Authorization Approvals

Purchase Amounts

From	To	Signature Requirements
\$ 1	\$ 4,999	Requester, secondary review, and department head
5,000	19,999	Requester, department head, assistant city manager*, and city manager
20,000	99,999	Requester, department head, assistant city manager*, and city manager
100,000 or more		Requester, department head, assistant city manager*, city manager, and copy of approved Governing Body Action
Additional Requirement for Sole Source		
\$0 to \$29,999		Requester, department head, assistant city manager*, city manager
\$30,000 or more		Requester, department head, assistant city manager*, city manager, and copy of approved Governing Body Action (per state statute).

*Only for Departments that report directly to an Assistant City Manager

2.12 Performance and Payment Bonds

I. Purpose

This policy is to explain when a performance and payment bond is required and how it is processed.

II. Policy

1. N.C.G.S. 143-129(c) states the successful bidder(s) shall furnish, within ten (10) days after award, a performance and payment bond when the sum of all contracts for a construction or repair project exceed \$300,000.
 - A Performance Bond in the amount of one hundred percent (100%) of the Construction Contract amount, conditioned upon the faithful performance of the Contract in accordance with the plans, specifications and conditions of the Contract. Such bond shall be solely for the protection of the contracting body which awarded the Contract.
 - A Payment Bond in the amount of one hundred percent (100%) of the Construction Contract amount, conditioned upon the prompt payment for all labor or materials for which a Contractor or Subcontractor is liable. The Payment Bond shall be solely for the protection of the persons furnishing materials or performing labor for which a Contractor or Subcontractor is liable.
2. N.C.G.S. 143-129 further provides that for construction projects involving a single contract, the performance and payment bond is not required unless the contract exceeds \$300,000.
3. The City may require a performance and payment bond on construction projects costing less than \$300,000, certain purchase contracts, or services if it is deemed in the best interest of the City to do so, and should be stated as required in the bid.

III. Procedure

City of Winston-Salem

Purchasing Policy and Procedures Manual

1. The performance and payment bond must be the full amount of the contract in the form of a bond by a Surety licensed **in North Carolina**, cash, certified check or government securities.
2. Facsimile bonds are not acceptable.
3. Bonds in the form of cash or certified check are deposited by the Purchasing Division on the day of receipt. When government securities are used as a bond, the Treasury Division will properly secure them.
4. This bond shall be signed by a guarantee or surety company licensed to do business in the State of North Carolina and the agent **MUST** be a North Carolina resident. A power of attorney will accompany all bonds pertaining to this section.
5. Upon completion and/or acceptance of the construction project, a request for a check for each bond deposit is submitted to the Accounts Payable by the Purchasing Division.
6. The refund or government securities are returned to the contractor once the contract has been completed and accepted by the City. Bonds are not returned as they are non-negotiable.

2.13 Vendor Relationships

I. Purpose

To make the City's policy in developing relationships with vendors and contractors known.

II. Policy

It is the City's policy to maintain and practice the highest possible standards of business ethics, professional courtesy, fairness, and transparency while welcoming qualified, responsible, and diverse vendors and contractors.

III. Procedure

All vendors will be provided an opportunity to submit prices on a competitive basis. All City representatives delegated to provide purchasing functions will:

- Keep competition open and fair.
- Prepare complete, logical, and non-restrictive specifications for vendors.
- Observe truthfulness in all transactions and remain free from obligation to all vendors.
- Demonstrate loyalty to the City by diligently following the lawful instructions of the employer.
- Avoid the intent and appearance of unethical or compromising practice in relationships, actions, and communications.
- Refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the City.
- Promote positive vendor relationships through courtesy and impartiality in all phases of the procurement phase.
- Adhere to City policy and the North Carolina General Statutes.

All vendors who wish to do business with the City should complete a vendor form found on the Purchasing Division's web page or contact the Purchasing Division for assistance. After filling out an online vendor registration form, the vendor will be added to the Vendor Spreadsheet. If the Purchasing Division determines that the vendor has a product or service that the City has a need for, the vendor will be added to the appropriate bidder list. The

City of Winston-Salem

Purchasing Policy and Procedures Manual

Purchasing Division may also make arrangements for the vendor to meet with the user department personnel.

Vendors are selected based on their ability to provide the needed products and services. The Purchasing Division maintains a list of vendors of various products and services makes it available to all city departments.

Preference will be given to bidders **only** when identical bids are involved. In the case of identical bids, preference will be given to vendors with a physical address location (PO Box does not qualify) within the corporate limits of Winston-Salem, and if none, then to the incumbent. The City may elect to set a new due date to receive bids from the two firms, in an effort to break the tie. The City may also elect to re-advertise the bid.

It is unlawful for vendors to make gifts or give favors to Purchasing Division employees or any other City employee except under limited circumstances. Such circumstances are set forth in N.C.G.S. 133-32 and include honorariums for participation in meetings, items of nominal value, meals furnished at banquets. It is also unlawful for Purchasing Division employees or any other City employee to accept such gifts and favors. Purchasing Division employees as well as all City employees are expected to comply with all applicable laws and policies, and vendors are expected to abide by these laws and policies as well.

It is the policy of the City that a City employee, officer, or agent of the City may not be contracted for the same type of work that the individual performs as their regular duties.

City employees, officers, or agents of the City may not participate in contracts in which any member of their immediate family, business partner, or any organization serves as an officer, director, trustee, or employee having a financial interest.

2.14 General Purchasing Provisions

2.14.1 Negotiating with Bidders

The formal bidding statute allows negotiation with bidders only in one situation: when all bids exceed the "funds available for the project." In this case the City may elect to negotiate with the lowest responsible bidder and make reasonable changes in the plans and specifications as necessary to bring the contract price within the funds available. Reasonable changes means **minor** changes that are unlikely to make a difference in the positions of the bidders, so as to make re-advertisement with revised specifications unnecessary.

The project **should be** re-advertised if **significant** changes, including a major increase or decrease in quantity of material or changes are made to the overall design, approach and method, compared to the original specifications.

2.14.2 Public Record

Formal Bids received in response to an Invitation to Bid are subject to public inspection once they are opened and must be made available for inspection, subject to reasonable limitations necessary to maintain their integrity and to properly conduct the bidding procedure. Custody of the bids must be maintained to avoid any possibility that bids might be changed or that portions might be misplaced, removed, or altered.

There is only one exception to the rule that formal bids are public record once they are opened. State statutes provide an exception for information contained in a bid that meets the definition of a trade secret under state law, and that is so designated at the time the bid is submitted.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Proposals submitted in response to a Request for Proposals (typically services, technology goods and services or if the contract is for a combination of apparatus, goods, materials and service) are not subject to public inspection until after the contract is awarded.

To maintain confidentiality, Informal Bids are not subject to public inspection until after the contract is awarded. Information should not be disclosed verbally or otherwise until after the award.

2.14.3 Rejecting Bids

North Carolina General Statue 143-129 reserves the right to reject any and all formal bids.

A. State and Local Legal Provisions for Rejecting Bids include:

- Bids may not be rejected for the purpose of evading the provisions of the competitive bid statutes.
- Bids are not rejected under circumstances that give the appearance of favoritism, corruption, or unfairness.

B. Process

To properly reject all bids under the competitive bidding laws, the individual circumstances of that bid process needs to be looked at carefully. An internal decision making process to determine the factors and to ensure bids are rejected fairly should always be conducted by the Purchasing Division. If uncertainties remain about a particular situation, the City Attorney's Office should be consulted.

Section 3 – Purchasing Procedures

3.1 Requisitions

I. Purpose

The purpose of the requisition is to initiate the procurement of all supplies, equipment, materials, and/or other repairs and services being requesting by the City departments.

II. Policy

Upon receipt of the online requisition, the proper bid and ordering procedures shall be followed in accordance with this manual.

All IS related requisitions shall be forwarded to the IS Director for review and approval.

A purchase order will be issued for the purpose of procurement of the supplies, equipment, materials, repairs, and/or services, and construction/repairs unless the item(s) are ordered with a purchasing card or request for check. A contract will be prepared for certain services.

III. Procedure

1. The requesting department will obtain competitive bids or approved alternatives and an executed contract if applicable.
2. The requesting department shall submit a requisition online and attach all associated backup documentation to the requisition by scanning and uploading the information. All associated backup information may include written quotes, emails, contracts, proposals, etc. An “approved” governing board resolution or executed contract attached to the

City of Winston-Salem

Purchasing Policy and Procedures Manual

electronic purchase request is approved authorization to proceed with creating the purchase order.

3. The Purchasing Division will review the documentation and contact the requesting department with any questions or needed documentation.
4. The Purchasing Division will process the requisition and create a purchase order.

3.2 Purchase Orders

I. Purpose

The purchase order serves as authorization to the vendor to furnish goods and services to the City. It is also used to encumber funds for purchases and is the instrument used to pre-audit certain contracts.

II. Policy

A purchase order will not be issued without receiving an approved requisition from the ordering department.

III. Procedure

1. The purchase order is generated by the Purchasing Division once the online requisition has been processed and all appropriate approvals have been made.
2. Purchase Orders may be distributed electronically or printed.
3. The purchase order will contain:
 - Purchase order number
 - Vendor number
 - Vendor name and address
 - Department name and address
 - Description of item(s) or services ordered
 - Units ordered
 - Unit price, total price or extension
 - Funding code
 - Date
 - Date delivery required
 - Freight information (F.O.B.) (if applicable)
 - Terms
 - PO subtotal, applicable tax, and grand total
 - Pre-audited statement
 - Signatures: Finance Officer & Purchasing Director or designee
4. The purchase order is distributed as follows:
 - **Vendor copy** - The purchase order shall be mailed to the vendor unless otherwise noted by the department on the requisition by stating “Do Not Mail.”
 - **Requesting Department copy** - An electronic copy will be sent to the designated individual.
 - **Purchasing copy** - Retained by Purchasing Division and filed alphabetically. It is also electronically linked to PO data in FMS.

3.3 Blanket Purchase Orders

City of Winston-Salem

Purchasing Policy and Procedures Manual

I. Purpose

This procedure is used to provide a purchasing tool for obtaining purchases when the amount of paperwork involved makes it impractical to use regular purchasing procedures.

II. Policy

The Purchasing Director, or a designated Purchasing representative, will work together with the respective department to use these procedures when it appears to be in the City's best interest. It is the intent of the Purchasing Division to accumulate annual blanket purchase order requests for the appropriate governing board approval; however, the City Manager may approve a blanket purchase order up to \$100,000.

This procedure shall not be used to avoid the competitive bidding process.

III. Procedure

1. The requesting department will submit an online requisition to include the name of vendor, the description of each item(s) or services to be purchased, and dollar amount anticipated to be purchased. A justification for the blanket purchase order shall be included in the "Notes" section of the online requisition.
2. Purchasing Director, or a designated Purchasing representative, will review all requests.
3. The vendor(s) concerned must be willing to accept a blanket purchase order.
4. This procedure will normally be used for the following commodities:
 - Items being purchased under a Term Contract
 - Repair materials and supplies
 - Hardware, general to include bolts, nuts, rivets, etc.
 - Automotive supplies and parts, general
5. The blanket purchase order procedure is not intended to be used where a purchase can be planned and competitive prices obtained. It is the expectation of the City Manager that departments using a blanket order continue to obtain the necessary quotes as defined with this manual.
6. If approved, a purchase order will be issued and distributed in the same manner as regular purchase orders.
7. Maximum expenditure amount authorized on the purchase order shall not be exceeded unless prior approval has been provided by the use of properly executed change order request submitted to the Purchasing Division.

3.4 Orders

I. Purpose

This procedure describes how orders are placed and processed by departments with the City.

II. Policy

It is the City's policy that all orders be placed by purchase order or in accordance with the Purchasing Card Policy.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Orders shall not be placed by any employee prior to receipt of a purchase order unless utilizing a City-issued purchasing card. Failure to comply with the policy and procedures contained herein may cause an employee to be personally liable for any funds obligated for the purchase as provided for in N.C.G.S. 159-28.

III. Procedure

1. To place an order, a requisition is submitted as described under the requisition procedure. **All** orders should be received in the Purchasing Division in sufficient time for competitive bids to be obtained (if required). The time it takes Purchasing to process an order depends on many factors; however, an order will normally be issued as follows:
 - Requests not requiring written quotations 1-5 days
 - Requests requiring written quotations 14-21 days
 - Formal bids 45-60 days
2. All quotes obtained by departments should be scanned and a pdf copy attached to the requisition in the “Attachments” section or written in the “Notes” field.

3.5 Change Order Requests to Encumber Additional Funds on Existing Purchase Orders

I. Purpose

For various reasons the original encumbrance on a Purchase Order is not sufficient to make full and complete payment. Purchase Orders may be modified if funds are made available and appropriate approval is given for the additional encumbrance.

II. Policy

Change orders that result in an overrun of budget appropriations follow the same approval rules as the original purchase authorization. Approvals should be received in advance when possible. Change orders that result in crossing over an approved threshold (\$5,000/\$20,000/\$100,000) require the next higher level designated approvals. Jobs estimated at the borderline (90% or more) of a cost range should be approved at the next higher level.

III. Procedure

1. All requests for encumbrance increases on existing purchase orders are required to be submitted using the Change Order Memorandum form located on the employee webpage in the Forms “C” Section.
2. Explanation and documentation for the purpose of the requested increase is to be attached prior to submission for approval.
3. Encumbrance increases of up to \$50 for freight charges do not require a Change Order request. The invoice(s) will be processed without revising the Purchase Order.
4. Complete the form, print it, sign it, attach documentation, and route it for review and signatures from approvers.
5. Forward the completed form with attachments to Purchasing. An electronic image sent by email is sufficient.
6. Email notification is provided by Purchasing once the encumbrance increase has been processed.
7. A revised Purchase Order is not provided to the contractor nor to the department unless requested.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Section 4 – Special Procedures

4.1 Bid Protest Procedures

I. Purpose

To establish a written bid protest procedure.

II. Procedure

1. Any party which is a prospective bidder, offeror, or contractor that may be aggrieved by the solicitation must submit a written protest within five (5) calendar days prior to the opening of the Request for Bid, Request for Proposal.
2. Any party which is an actual bidder, offeror, or contractor that may be aggrieved by the award of a contract, must submit a written protest within five (5) calendar days of City transmitting via fax or email the announcement of intent to award.
3. The protest must be addressed to the Purchasing Director, City of Winston-Salem, PO Box 2511, Winston-Salem, NC 27102 and must include all the following information:
 - Name, address, telephone number, facsimile number and e-mail of the protester.
 - Signature of the protester or authorized agent.
 - The bid name and number.
 - A detailed statement of the legal and factual grounds of protest including copies of relevant documents.
 - Any supporting exhibits, evidence, or documents to substantiate any claims.
 - All information establishing that the protester is an interested party for the purpose of filing a protest.
 - The form of relief requested
4. After careful consideration of all relevant information, and consultation with the City Attorney, the Purchasing Director shall make a written decision.
5. A decision of the Purchasing Director may be appealed to the City Manager or appropriate Governing Board, depending on the type of bid. An appeal must be in writing and be delivered to the City Manager, 101 North Main Street, Winston-Salem, N.C. 27102, within seven (7) calendar days of the date of the Purchasing Director faxed or emailed decision.
6. Any and all costs incurred by a protesting party in connection with a protest shall be the sole responsibility of the protesting party.

4.2 Purchasing Card Policy

I. Purpose

To establish a program that increases efficiency, decreases cycling time, and dramatically reduces paper work by reducing the number of requisitions, purchase orders and requests for checks.

II. Policy

It shall be the policy of City of Winston-Salem that purchase cards may be used for official City purchases for small dollar value purchases of \$999.99 or less per transaction, unless otherwise authorized. The \$999.99 limit includes any and all applicable sales tax.

City of Winston-Salem

Purchasing Policy and Procedures Manual

III. Procedure

Issuance of purchase card:

The department head/new purchase card holder will fill out and submit to Treasury the "Request for New Purchase Card" form located on the employee webpage.

The Finance Officer (or Deputy Finance Officer) will review the enrollment form and, when approved, process the form for issuance of a purchase card to the employee.

Prior to issuance of card, the new card holder will receive the Purchase Card Policy Review training, which outlines the proper use of the purchase card, and sign the cardholder agreement, which will be kept on file in the Treasury Division. The cardholder must fully comply with the Purchase Card Manual rules and regulations at all times. If the purchase card holder is ever in doubt as to the efficacy of a purchase they are to refer to their Training Manual and/or contact the Purchasing Division for further instructions.

It shall be the responsibility of the department head/division manager to take custody of the purchase card when an employee is terminated and also to notify the Purchasing Division.

Purchase Card Guidelines:

The purchase card is to be used in the conduct of official City business only.

Cardholder will retain vendor's receipts, record of telephone orders, and/or copies of mail/internet orders and other relevant documents for future reconciliation of the purchase card statement.

The cardholder will contact the Treasury Division and Issuing Bank regarding any disputed transactions or in the event that their card is lost or stolen.

The cardholder will complete the monthly reconciliation report and submit the report and all original paperwork to Purchasing by the 15th of the month.

Purchasing Cards may not be used for:

- Non-business/personal purchases
- Items available in the warehouse inventory supply
- Computer hardware and computer software (unless approved and ordered by the IT Director)
- Cash advances/gift cards/flowers
- Purchases that in any way violate City policy.

Other restrictions:

- Cardholder shall not split a purchase with another cardholder, nor shall employees split a single purchase into separate transactions to circumvent the purchasing limit assigned to the card.
- The purchase card shall not be used by or shared with any other employee or third person.

An employee guilty of wrongful use of the purchase card shall be subject to disciplinary action, up to and including termination.

City of Winston-Salem

Purchasing Policy and Procedures Manual

The Administrative Procedures shall be established by the Purchasing Division and the Finance Department. These procedures may be amended as necessary without Board approval in order to administer the purchase card program.

4.3 Surplus – Personal Property

4.3.1 Declaring Personal Property as Surplus

I. Purpose

To establish procedures for declaring personal property as surplus. Real property such as buildings or land are disposed of by the Real Estate Department and those procedures are not detailed in this document. Surplus is defined as “any City owned property that the continued use of is uneconomical or inefficient; or which serves no useful governmental function or further use to the City.”

II. Policy

The City Manager is authorized to declare surplus any personal property valued at less than thirty thousand dollars (\$30,000) for any one item or group of items, to set its fair market value, and to convey title to the property for the City pursuant to provisions of N.C.G.S. 160A-166.

If the above conditions do not apply, the personal property to be declared surplus shall be presented to the City Council.

III. Procedure

City Manager Approval:

- Purchasing will provide to the City Manager a written declaration that the listed items are surplus to the needs of the City. This document will have approval signatures from the Purchasing Director, Chief Financial Officer, City Attorney and the applicable Assistant City Manager.
- The City Manager shall review and evaluate the items, consider all relevant feasible uses of the property and consider whether the property has the capacity to serve a public use.
- The City Manager will authorize the declaration of surplus with his signature on said document.

City Council Approval:

- Purchasing shall prepare a Council Action Form and Resolution describing the property and defining the reason for turning the property in as surplus.
- The Council Action Form and Resolution shall be submitted electronically according to the City Secretary procedures for Council agenda items.
- Upon Council declaration of surplus the City Secretary will provide the Purchasing Director with a copy of the approved Council Action Form and Resolution.

City of Winston-Salem

Purchasing Policy and Procedures Manual

4.3.2 Sale of Disposal of Personal Property

I. Purpose

To establish a policy and procedure that meets or exceeds the statutory guidelines for the sale or disposition of personal property that has been declared surplus.

II. Policy

1. Purchasing will process all personal property sales for the City subsequent to the declaration of surplus by the City Council or the City Manager.
2. Purchasing shall dispose of any surplus personal property by one of the following means which it judges reasonable to yield the highest attainable sale price in money or other consideration:
 - Auction, Electronic, or Public
 - Property Exchanges (Trade-ins)
3. All sales shall be conducted in compliance with the North Carolina General Statutes 160A-266 through 270.
4. Surplus property may be conveyed to other units of government. Other governmental units consist of a city, school unit, fire district, the State, or any other public district, water authority, department, agency, board, commission or institution.
5. No surplus property may be donated to any individual, organization, or nonprofit organization except upon approval by the City Council of Winston-Salem.
6. Sale of surplus property to City employees is not prohibited except in those instances where there is deemed to be a conflict of interest. The presence of conflict of interest will be ruled on by the Purchasing Director; however, the City Manager shall have the final authority in these decisions.
7. The disposal of abandoned, confiscated or recyclable items and real property are not covered under this policy.
8. Federal Grant Funds: Any personal property that the City wishes to dispose of that was acquired in whole, or in part, with state or federal grant funds must satisfy any conditions imposed by such grants prior to the sale of the property.
9. Any personal property may be discarded that (i) is determined to have no value; (ii) remains unsold or unclaimed after the city has exhausted efforts to sell the property; or (iii) poses a potential threat to the public health or safety.

III. Procedure

1. Personal surplus property will be made available to other City departments prior to being sold or disposed.

City of Winston-Salem

Purchasing Policy and Procedures Manual

2. Depending on the determined method sale, one of the following competitive procedures will begin:

Public Auction (G.S. 160A-270)

- Sale is advertised one time, 10 days prior to sale, either published in a local newspaper and/or advertised electronically
- Auction is held by a City representative or auctioneer
- Auction can be live or by electronic auction (such as GovDeals or any other electronic auctioneer service)

Property Exchanges - Trade-ins (G.S. 160A-271)

- City may exchange property belonging to the City for other property by private negotiation if the City received a full and fair consideration in exchange for its property.

3. The surplus property shall be sold to the party who tenders the highest offer, or exchanged for any property or services useful to the City if greater value may be obtained in that manner. The Chief Financial Officer or designee is authorized to execute any applicable title document.
4. Purchasing is responsible for collecting and depositing money received from any sale.
5. The City has the right to withdraw property from sale at any time and the right to accept or reject all offers or bids.
6. If no offers are received within a reasonable time, Purchasing may retain the property, obtain any reasonably available salvage value, or cause it to be disposed of as waste material.
7. If the successful bidder does not make final payment within 30 days, the City may declare the bid deposit (if required) as forfeit, and place the property for sale as provided above.
8. All Property shall be sold “AS IS” with no guarantee or warranty as to condition, title, or suitability for any purpose.
9. Accounting shall be notified of all surplus property prior to sale to verify identification of fixed assets. Property shall be removed from City capital assets listing upon final payment and title transfer.
10. Purchasing shall keep a record of all items sold including the property sold or exchanged, to whom it was sold or with whom it was exchanged, and the amount of money or other consideration received for each sale.

4.3.3 Donations of Personal Property

I. Purpose

To establish a policy and procedure that meets or exceeds the statutory guidelines for the donation of personal property.

City of Winston-Salem

Purchasing Policy and Procedures Manual

II. Policy

In accordance with N.C.G.S. 160A-270(b) the City may donate surplus personal property to another governmental unit within the United States or nonprofit organization incorporated by one of the United States.

III. Procedure

- The procedure will be as stated in 4.3.1 City Council Approval.
- The City shall post a public notice at least five days prior to the adoption of a resolution approving the donation.
- The resolution shall be adopted prior to making any donation of surplus, obsolete, or unused personal property.
- Accounting shall be notified of all surplus property prior to sale to verify identification of fixed assets.

4.4 Extendable Term Contracts

I. Purpose

To expedite the procurement process by establishing an agreement with a vendor, or vendors, to sell routinely purchased items and/or services to the City at a predetermined price for a set amount of time with the option to extend the contract for an additional set amount of time at a predetermined price.

II. Policy

The Purchasing Division is encouraged to use term contracts whenever it is in the best interest of the City to reduce costs.

The Purchasing Division discusses this option with the department during the bid preparation. The department chooses to include or decline this option.

The department is responsible for ending or extending contracts. The Purchasing Division seeks to assist the departments in this process.

Each extension of the contract requires a unique purchase order for that term. The purchase order needs to be closed at the end of the applicable term.

III. Procedure

1. The Purchasing Division shall work in conjunction with the department head, or designee, in establishing term contracts.
2. The Purchasing Division may incorporate the use of a term contract in the bidding specifications.
3. Purchase orders must always be issued, to encumber the funds, prior to ordering any item(s) from the term contract
4. Prior to the end of a contract term or term extension the department determines if this term contract is to be continued. If the contract allows for an extension and the department agrees, the vendor is requested to extend the contract for one additional term.
5. Some contracts may allow for an increase. The contractor should request an increase that is not to exceed the limit as stated in that contract.

City of Winston-Salem

Purchasing Policy and Procedures Manual

6. The department processes a Purchasing Requisition (see applicable section in this Manual) for the additional term period.

Section 5 – Contract Control Policy

5.1 Ethical Standards and Policies

City officials and employees are responsible for protecting the safety and welfare of the public's monies. All City officials and employees should endeavor to pursue a course of conduct that does not raise suspicion among the public. Therefore, they shall avoid acts which are improper or give the appearance of impropriety. This conduct is particularly important for City purchasing personnel and City departments and their staff who have the responsibility for procuring goods and services for their department.

City purchasing personnel along with City staff must adhere to the highest level of professionalism in discharging their official duties. The nature of purchasing functions makes it critical that everyone in the purchasing process remain independent and free from the perception of impropriety. Any erosion of public trust or any shadow of impropriety is detrimental to the integrity of the purchasing process. Consequently, the credibility of a purchasing program requires that a clear set of guidelines and rules be established. Such guidelines are designed to prevent actual and potential vendors from influencing City officers or employees in discharging their official duties. Furthermore, these guidelines will help prevent City officials' and employees' independent judgment from being compromised.

Therefore, with these principles in mind, the following policies and procedures should be adhered to by all City employees, contractors and potential contractors.

5.2 Code of Ethics

The Purchasing Division personnel are committed to the following Code of Ethics:

- To conduct all purchasing activities according to applicable laws, rules, regulations, and policies of City of Winston-Salem and the State of North Carolina
- To uphold the practices and principals of the professional purchaser
- To conduct all purchasing activities in such a manner as to develop and maintain good public, vendor and internal relationships
- To encourage fair and open competition by legitimate and ethical means
- To extend honest, courteous and impartial treatment to all interested and qualified suppliers
- To maintain purchasing integrity at all times, keep free from any personal obligations to vendors, and respect their confidence
- To promote the goodwill of the Purchasing Division at all times
- To respect purchasing authority at all times, and not use it for private advantage or gain

This Code of Ethics is extended to all City personnel that have the responsibility for procuring goods and services for their department.

5.3 Introduction

This policy is written for City departments and their staff who have the responsibility for procuring goods and services for their department. The policy explains the contract approval process and protects the City's interest in the contracts and agreements to which it is a party.

5.4 Why Do I Need A Contract?

City of Winston-Salem

Purchasing Policy and Procedures Manual

A contract is a legal instrument that protects the City's interests by clearly establishing the responsibility of all parties. The contract establishes the terms and conditions under which a service is to be performed or goods are purchased.

5.5 When Do I Need A Contract?

Contracts are mandatory for services and all construction/repairs made on City property greater than \$500.

5.6 Where Do I Get One?

Template contracts are available for all departments to use on the City's intranet site on the Purchasing page. These contract templates have already been reviewed by the City Attorney. Exceptions to the use of the City's templates are (1) information technology hardware/software contracts, and (2) major construction projects.

5.7 Purpose

This policy exists to establish a uniform procedure for processing all contracts where the City is a party. For the purposes of this document, all agreements, memorandum of understanding or addendums will be referred to as "contracts." It is important to note that no matter what title is used, the legal implications are the same.

5.8 Definitions

Approved as to Form: Refers to the statement signed by the City Attorney that the document meets all legal requirements.

Certificate of Insurance: A certificate of insurance is a document issued by an insurance company that is used to verify the existence of insurance coverage. The document includes information such as the effective date of the policy, the type of insurance coverage purchased, and the dollar amount of applicable liability.

Contract: Any oral or written agreement that imposes an obligation, monetary or otherwise, on the parties involved. One party agrees to sell, deliver or provide a service while the other agrees to purchase the goods or service, based on the terms and conditions within the contract.

Contract Routing Form: A form used to ensure proper routing of the contract to ensure that all required information and documents accompany contracts. This does NOT replace a Board Action Form.

Template Contract: The City's form contracts, where the terms and conditions have been pre-approved by the City of Winston-Salem Attorney. Template contracts are posted on the City's intranet site on the Purchasing page.

Deliverable: A unit or increment of work required by the contract, including such items as goods, services, reports, or documents.

Memorandum of Understanding: See definition of "Contract."

Non-appropriation clause: A non-appropriation clause enables the City to terminate a contract or lease agreement at the end of the current appropriation period without further obligation or penalty. This may be done only in cases where the City was unable to obtain funding for future payment obligations on the contract.

City of Winston-Salem

Purchasing Policy and Procedures Manual

Pre-audit Certification: Refers to the statement signed by the Finance Officer ensuring that the contract meets the pre-audit standards and that the funds for the contract are available or have been encumbered. The pre-audit process is required by North Carolina General Statutes Chapter 159.

Purchase Order: Encumbers budgeted funds and is evidence of the City's commitment to pay once goods are received and/or services are rendered. A Purchase Order is a form of contract for the purchase of goods; however, it does not replace a written formal agreement if applicable.

Department: The department initiating the contract/purchase request.

Scope of Service: Provides a detailed description of the services to be rendered under the contract. Services should be detailed, defining what the services/goods are, when and where the services will be rendered, and how much the services/goods will cost. All deliverables should be clearly defined by the requesting department.

5.9 Types of Contracts

Contracts normally fall into the following categories:

- Service Contract
- Contract Amendment or Addendum
- Contract Extension
- Consulting Contract
- Professional Services Contract
- Construction Contract
- Purchase of Goods Contract
- Lease
- Grant
- Non-Standard Contracts
- Inter-local Agreement
- Inter-local Agreement/Memorandum of Understanding

5.9.1 Service Contracts

A written agreement for work or duties to be performed by an independent entrepreneur, business, company, corporation, or entity, where the process is more important than the product. Examples of services for this type of contract are janitorial, security, lawn care, demolition, etc.

5.9.2 Contract Amendment or Addendum

A document that adds or deletes a portion of the original contract without changing or rewriting the entire contract. Amendments should be used infrequently as generally it is better to have a new contract.

5.9.3 Contract Extension

An agreement used only to extend and/or renew the term of the original contract.

5.9.4 Consulting Contract

An agreement with an independent contractor whose occupation is the rendering of such services. The contractor possesses specialized knowledge, experience, expertise and professional qualifications to investigate assigned problems or projects, and to provide counsel, review, analysis or advice.

City of Winston-Salem

Purchasing Policy and Procedures Manual

5.9.5 Professional Service

An agreement with an independent contractor or corporation who possesses specialized knowledge, experience, expertise and professional qualifications. Examples of these types of services are architectural, engineering, surveying services.

5.9.6 Construction

A written agreement for work to be performed on an existing structure or the new structure being built for the City. Construction contracts can consist of any of the following:

- General conditions of the contract for construction
- Agreement between the Owner and the design professional (architect and/or engineer)
- Agreement between Owner and Contractor

5.9.7 Purchase of Goods Contract

An agreement that specifies that act of buying or acquisition of goods. This type of contract is usually reserved for purchases of goods in the formal range (\geq \$90,000). A purchase order for goods is a legally binding contract.

5.9.8 Lease

An agreement conveying use of property for a designated period of time in exchange for rental payment. Leases over one year must be approved by the City Council. Leases of more than ten years must be treated as a sale and are subject to the upset bid process.

5.9.9 Grant

Funds provided by another government or agency with specific terms and conditions defined.

5.9.10 Non-Standard/Vendor Contract

A contract provided by a vendor or contractor. City Attorney approval is required on all non-standard contracts. Certain information technology hardware/software contracts fit in this category.

5.9.11 Inter-local Agreement

An agreement between two governmental entities or agencies. *The initiating department must contact the City Attorney prior to initiating this type of contract.*

5.9.12 Memorandum of Understanding

An agreement between City departments, agencies, and/or City officials. Sometimes used in other contexts.

5.10 Contract Policy

All contracts must go through the contract approval process. This policy serves as a tool to ensure the correct execution of contracts and to provide instruction and information necessary to assist in the process. All contracts routed for approval MUST include sufficient information/documents that provide evidence City Purchasing policy and City business practices have been followed. All contracts must be pre-audited and signed by the Finance Officer or designee pursuant to Chapter 159 of the North Carolina General Statutes, by City Attorney or designee, and by City Manager or designee, whose signature must be attested to by the City Secretary.

Contracts are mandatory for services and construction or repair work greater than \$500.

City of Winston-Salem

Purchasing Policy and Procedures Manual

A department **shall not permit a contractor to start work**, and create an obligation on the part of the City until:

- the contract has been fully executed with copies in the possession of both the department, City purchasing, and the contractor
- a Certificate of Insurance with the specified limits, listing the City of Winston-Salem as additional insured (for General Liability) has been provided
- the purchase order has been created

5.11 Use of Template Contracts

Departments are required to use the pre-approved template contracts that are posted on the City's intranet site on the Purchasing page.

5.12 Exceptions to the Use of Template Contracts

Exceptions to the use of the City's template contracts may be (1) information technology hardware/software contracts or (2) major construction projects, or (3) other special situations as determined by the City Attorney.

5.13 Contract Records Management

Departments are responsible for managing their contracts and keeping track of renewal dates. Contract renewals must be made prior to the expiration of the existing contract.

5.14 Multi-Year Contracts

The City may enter into multi-year or continuing contracts that extend beyond the fiscal year in which the contract is entered. (Note: This is different from a contract that automatically renews (also known as an Evergreen Clause), which is prohibited.) The usual types of multi-year contracts are service agreements or leases. A non-appropriation clause should be included on all contracts.