

RESOLUTION NO. 106-16

A RESOLUTION for the Mason County Purchasing Policy.

WHEREAS, it is in the best interest of Mason County to establish a Purchasing Policy to guide employees on purchasing practices in compliance with federal and state regulations.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS of Mason County, that we hereby adopt the Mason County Purchasing Policy (Attachment A).

ATTEST:

  
Melissa Drewry, Clerk of the Board

APPROVED AS TO FORM:

  
Tim Whitehead, Chief DPA

BOARD OF COUNTY COMMISSIONERS  
MASON COUNTY, WASHINGTON

  
Terri Jeffreys, Chair

  
Tim Sheldon, Commissioner

  
Randy Neatherlin, Commissioner



## Mason County Purchasing Policy

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### I. PURPOSE:

#### ***Mission***

Purchasing facilitates the timely procurement of goods and services to help customers fulfill their missions by providing cost effective opportunities to purchase quality goods and services at the best value while conducting business in a legal, fair open and competitive manner.

#### ***Proper Purchasing requires that:***

- Actions of county employees are impartial and fair.
- Government decisions and policies are made in the proper channels of government structure.
- Public employment will not be used for personal gain.
- County employees may neither solicit, accept, nor agree to accept any gratuity for themselves, their families or others that results in their personal gain which may affect their impartiality in making decisions on the job. Discounts or concessions realistically available to the general population, items received that do not result in personal gain, and samples to the County used for general County use are examples of items that are not gratuities. Personal judgement should be used and questions regarding particular problems/events should be referred to the employee's manager.

#### ***Goals:***

- To protect and enhance the reputation of the Mason County and its employees.
- To treat all citizens equally with courtesy and impartiality, and refrain from granting any special advantage to any citizen beyond what is available to all citizens.
- To give efficient, productive, and economic service to the public.

- To avoid real or potential conflicts between private and public duties, remembering that the public interest must be the principal concern.
- To keep confidential all information acquired by reason of one's position, which may be used for personal or financial gain for the employee or other persons.
- To refrain from securing special privileges or exemptions for one's self or other persons that are not available to all citizens.
- To avoid receiving, soliciting or otherwise obtaining anything of value that is greater than nominal intrinsic value from any other public official, employee or citizen which is intended to influence the performance of official duties.
- To disclose to the appropriate authority the nature and extent of any financial or personal interest in a County contract, legislation, or in any type of transaction involving the County, when participating in the development of or giving an official opinion on the matter.
- County employees shall: Certify, in writing, that they have read and understand this policy. Non-compliance may result in disciplinary action, including termination.

#### ***AUTHORITY & REFERENCES:***

RCW 36.32.245

RCW 39.35A

RCW 39.80

RCW 39.04.280

#### **II. DEFINITIONS:**

**Controlled Commodity:** Items which may fall under the quote dollar limit that require approval from designated Department Directors, i.e. office products, communication equipment and computer equipment.

**Emergency Purchases:** Emergency purchases occur when an emergency situation arises that was unforeseen and must be remedied immediately.

**F.O.B. (Freight on Board):** The stated F.O.B. point is usually the location where title to the goods passes from the seller to the buyer. The seller is liable for transportation charges and the risks of loss or damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title.

**Packing List:** A document which itemizes in detail the contents of a particular package or shipment.

**Personal Service Contract:** An employment contract with an independent contractor for the rendering of personal services to the County.

**Point of Origin:** The point where the shipment originates.

**Prepaid:** Transportation charges that have been or are to be paid at the point of origin.

**Professional Service Contract:** An agreement with an independent contractor for the rendering of professional services to the County. The County states a goal and objective and the provider, under his own direction, accomplishes the goal.

**Public Work:** A project including all work, construction, alteration, repair or improvement other than ordinary maintenance.

**Sealed Bid (Formal Bid):** An advertised solicitation for a requirement in which the cost exceeds the \$50,000 bid limit. The bids are opened during a public opening.

**Specification:** A clear, complete, and accurate statement of the technical requirements descriptive of a material, an item, or a service.

### **III. POLICIES:**

#### ***I. HOW TO PURCHASE MATERIALS, SUPPLIES, EQUIPMENT OR SERVICES***

To purchase materials, supplies, equipment or contract for services, the proper procurement procedure shall be followed. The following is a description of the various categories which determine which procurement process to use.

Dollar thresholds for bidding and quoting are as follows:

\$ -0- to \$10,000 – No bidding or quotes required

\$10,000 to \$50,000 - 3 Quotes

Over \$50,000 - Formal Sealed Bid

*Note: All dollar limits include appropriate sales tax plus freight, handling, and set-up costs.*

#### **A. FEDERAL FUNDING**

Requisitions for goods or services which involve federal funding must be noted "Federal Funding" in the description section in the requisition using the project name or number by in order to ensure compliance with appropriate Federal regulations.

#### **B. DISADVANTAGED AND MINORITY VENDORS**

Women and minority business enterprises shall have the maximum opportunity to participate in the performance of work relating to the County's activities. To this end, the County is committed to take all necessary and reasonable steps in accordance with state and federal rules and regulations to ensure women and minority business enterprises the maximum opportunity to compete for and to perform contracts.

#### **C. INSURANCE/LICENSES/PREVAILING WAGES**

When hiring anybody to do anything for the County, there are four requirements that need to be met.

##### **1. Certificates of Insurance –*Prior to the start of On-site work***

Certificates of Insurance requirements must be stated during the solicitation process.

During solicitation contact the Risk Manager to assure the appropriate insurance



requirements are being addressed. Certificates of Insurance must be submitted with the contract prior to on-site work.

2. **Washington State Contractor's License – *Prior to the start of On-site work***

It is the department's responsibility to verify a current Washington State Contractor's License and current Workers' Comp status.

The department will also verify that the contractor is not on the federal debarment listing.

3. **Business License – *Prior to the start of On-Site work***

It is the department's responsibility to verify current business with the Department of Revenue.

4. **Prevailing Wage Requirements – *Ongoing***

1) ***Prior to Getting an Estimate or a Quote*** – Notify the vendor that they are to pay prevailing wages.

2) ***After a Vendor has been selected*** – The vendor is required to file a "Statement of Intent to Pay Prevailing Wages" with the Department of Labor and Industries.

3) ***After the work is completed*** – The vendor must also file an "Affidavit of Wages Paid" with the Department of Labor and Industries.

***Payment will not be released until certified intents and affidavits have been received.***

**D. WHEN TO UTILIZE PURCHASING POLICY**

1. Unit cost exceeds \$10,000.

2. Combined total of identical items purchased at the same time or within a calendar years' time, in which the cost exceeds \$10,000 or when it is determined by the Budget Manager that volume discounts can be obtained by combining County-wide usage (i.e. office supplies, laundry services, janitorial paper products, etc.).

3. The Items that are designed, or intended to be used together (i.e., water meter covers and lids), and the cost exceeds \$10,000.

**E. EXCEPTIONS**

1. The following are stated under RCW 39.04.280 as exemptions for the competitive bidding requirements.

- a. Purchases that are clearly and legitimately limited to a single source of supply (Sole Source)
- b. Purchases involving special facilities or market conditions;
- c. Purchases in the event of an emergency;
- d. Public works in the event of an emergency.

Should the Board of Commissioners use one of the above exemptions, the following will apply.

**Sole Source Purchases**

On a case by case basis, the bid or quote requirement may be waived and a sole source purchase approved. There should be careful deliberation before going to a sole source as this type of purchase eliminates competition.

**A sole source purchase may be approved if one of the following conditions are met:**

1. Compatibility to existing County standard or to existing equipment, inventory, systems, data, programs or service. Describe. List efforts to find other sources.
2. Licensed or patented product with only one dealer.
3. Only authorized Service Provider, Repair and/or Warranty Services. Describe.
4. Unique design: Requires unique features that are essential, aesthetic requirements, or not practical to match to existing design or equipment. Describe.
5. Used item: Surplus item bought through an auction or distributor that would represent good value and is advantageous to the County. Describe.
6. Delivery Date: Only one supplier can meet required delivery date: Describe and list efforts to find other suppliers to meet the delivery date.
7. Project or Research Continuity: Product, systems, services or data must comply with an ongoing project, research, data, testing or analysis. Results would be interrupted or compromised without continuity. Describe.

**Authority to Approve Sole Source Purchases lies with the Board of County Commissioners**

**Sole Source or Waiver over \$25,000**

The formal bid limit may only be waived by the Board of County Commissioners. A sole source or waiver over \$25,000 must be approved via resolution. The following steps to obtain approval are:

1. The Department must contact Budget Manager to discuss if a sole source situation exists.
2. The Department presents the Sole Sources Justification to the Board of Commission for approval.
3. The Budget Manager then forwards a copy of the adopted resolution to the department.
4. Once approved, **the Department will place the order.**

**Emergency Purchases \$5,000-\$24,999 (\$10,000-\$50,000 for Public Works)**

**Emergency purchases** occur when an emergency situation arises that was unforeseen and must be remedied immediately.

Examples: Acts of God, i.e., flood damage

Machinery that is critical to the operation of the County and rendered out of service

The Board of Commission in addition the Public Works Director and the DEM Manager may declare an emergency. Contact them for guidance/direction on how to proceed.

#### **Procedure to obtain an Emergency Purchase**

1. Department recognizes an urgent/emergency situation has developed.
  - a) Department estimates cost to correct the emergency.
  - b) Identifies potential vendor to perform service/supply materials. **(PREVAILING WAGES AND INSURANCE APPLY)**
2. **Department staff obtains appropriate approval from Department Manager/ Director**
3. Buyer enters requisition.
4. Financial Services will need the vendor name, reason for emergency, materials required and anticipated cost.

#### **Emergency Purchases over \$50,000**

Mason County has two people that can declare emergencies through the Board of County Commissioners: The Public Works Director and the DEM Manager. Contact them for further guidance/direction on how to proceed.

If an emergency situation exists and involves the purchase of materials or services that are over the sealed bid limit:

1. After receiving approval from their Department Director, the department may place the order for Emergency Purchases.
2. The department must initiate and prepare necessary information to advise Board of County Commissioners that there had been an emergency situation requiring immediate action.

#### **2. Controlled Commodities**

There are items which are purchased that fall under the quote dollar limit which still require approval from designated Department Directors. They are:

- Cell phones, telephone equipment, tablets - IT Manager
- Computers and related equipment, fax machines, copiers – Department Manager
- Anything Information Technology is requested or required to install, connect, service, maintain or support – Use Technology Procurement Request (TPR) process for these purchases
- Anything purchased using Equipment Rental and Revolving (ER&R) funds must be purchased by ER&R – O&M/ER&R Manager

#### **3. Inter-Governmental Cooperative Purchases**



RCW 39.34.030 permits governmental agencies to utilize other entities contracts without going to bid. To determine if inter-local purchasing is feasible for a particular need, contact the Budget Manager. The following criteria need to be met:

- There must be a current Inter-local Agreement, approved by Council, or Board of County Commissioners and signed by both parties, on file.
- It must have been advertised and competitively bid.
- The government entity, and the vendor, must be willing to share their contract pricing.

#### 4. Professional and Personal Service Contracts

The Board of County Commissioners must approve all Professional and Personal Services Contracts in excess of the approved budget authority and outside of routine contracts approved via the budget or County Road Project (CRP) processes. Legal/Risk must review prior to their approval.

#### 5. Architectural and Engineering Services

Architectural and Engineering Services are hired following RCW 39.80. The County will follow the guidance of the RCW and the Board of County Commissioners will approve all Architectural and Engineering Services Contracts - no matter what the dollar amount. Legal/Risk must review prior to approval.

#### 6. Equipment Leases

Bids are not required on equipment leases, however the Legal Department and Budget Manager must review and the Board of County Commissioners must

### F. Procedures for \$10,000-\$50,000

The following should be documented by the department when obtaining the informal three quotes.

- 1) Requesting Department personnel contacts at least three vendors for quotations. (Be sure technical information defines acceptable quality and ensure vendors are quoting on equal and comparable items, etc.) All vendors must be provided the same information. If one vendor offers an acceptable alternate, **it must be requoted using the alternate specifications.**
- 2) The County will not pay for any technical information from the vendor. If the information is to be shared with other vendors, it must be stated so up front.
- 3) No on-site demonstrations or delivery of preview/trial merchandise should be arranged without prior approval from the Department Director.
- 4) Obtain freight pricing, if not indicated by vendor, on the form. Include first and last name of person contacted and phone number.



- 5) Enter a requisition number or project name or number. Use the buyer's name and indicate recommended vendor on your requisition form. Quotation forms should then be filed with the purchase documents.
- 6) Vendor Authorization form is made by Financial Services on the recommendation of the requesting Department personnel.
- 7) Order is confirmed and purchase order is issued, if appropriate.
- 8) Quote documentation is filed according to department procedures.

### **G. Greater than \$50,000 – Sealed Bid**

Sealed bids are required whenever the cost of materials, supplies, equipment or services exceeds \$50,000. Duties for bidding process are specified via Resolution. The Board of Commission will be notified when contract award during a regular Board meeting.

### **H. Freight**

Each department is responsible for due diligence when accepting freight on behalf of the County. The following shall apply.

#### **1. Shipping Terms**

When shipping an item that will incur freight charges, always request that it be shipped *FOB destination, freight prepaid*. This means that the carrier owns the merchandise until it reaches your door and there won't be a separate invoice for freight. If anything should happen to the merchandise during shipping, the carrier is responsible for filing the claims, instead of the County. FOB determines at what point the ownership transfers. If an item is FOB origin, the County owns the merchandise from the point of shipping while it is in transit. Freight prepaid or collect refers to who is responsible for paying shipping charges - the County or the seller.

#### **2. Receiving Freight**

*It is the responsibility of the individual who signs for UPS or carrier's delivery receipt to properly receive all cartons they are signing for. Anyone who accepts and signs for receipt of goods, acknowledges that the item was received and accepted as delivered.*

##### **a. Get what you sign for**

- 1) Confirm the package or carton is being delivered to the proper location.
- 2) Verify the number of cartons, crates or pieces is correct according to quantities on the packing list.
- 3) Sign the delivery slip legibly.
- 4) Open packages and verify order is correct.

#### **3. Damaged Cartons**

##### **a. Visible Damage**

Any person receiving freight must make a notation on the carrier's delivery receipt of apparent damage to packages. The specific type of damage should be stated on the delivery receipt and obtain the driver's signature (not just initials) on your copy of the receipt. This is an example of why it is important that freight be FOB destination so that the vendor files all claims.

**b. Concealed Damage**

If the shipment of goods received showed no sign of damage upon receipt, but damage to the contents is found upon opening, concealed damage exists.

Action for concealed damage:

- 1) Call the carrier immediately upon discovery of the damage and request an inspection. Notate the date and the person contacted.
- 2) All shipping cartons should be retained for inspection on any damage.
- 3) When making a request for an inspection, advise the carrier whenever possible what the value of the damaged goods is. If the value is less than \$50.00, most carriers will frequently waive inspection. Indicate person contacted on the claim form.
- 4) When an inspection is made, specific damages should be notated by both parties and signed by both on the inspection report.

Approved by & date	Approved by & date:
Originated by:	This Revision Date: