

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION PURCHASING POLICY

1. REQUEST FOR PURCHASE

Expenditure requests for items of less than \$3,000 should be approved by the City of Watervliet Local Development Corporation (WLDC) President or the Executive Director (the "President or Director"), and submitted to the Chief Financial Officer for processing, along with supporting documentation. Payment approval from a vote of WLDC members is required for any expenditure in excess of \$3,000.

2. REQUEST FOR QUOTATIONS

A. Procedures for the Purchase of Commodities, Equipment, or Goods

Dollar Limit Procedure (see definitions-section C)

\$1 - \$3,000 Only President or Director approval required

\$501 - \$3,000 Documented telephone quotes from at least 3 separate vendors (if available)

\$3,001 - \$9,999 Formal written quotes from at least 3 separate vendors (if available)

\$10,000 and up Formal Sealed bids per New York State law

Proper documentation is required when the purchase order is requested. Telephone price quote sheet or formal written quote sheet must be submitted as documentation.

Proper documentation is required when the quote is not awarded to the vendor giving the lowest price. Quotes will be awarded to the lowest responsible and responsive vendor.

Proper documentation acceptable to the Chief Financial Officer must be given if the required number of quotes cannot be accommodated.

B. Procedures for Public Work Projects/Contracts

Dollar Limit Procedure (see definitions-C)

\$1 - \$3,000 Only President or Director approval required

\$501 - \$3,000 Documented telephone quotes from at least 3 separate vendors (if available)

\$3,001 - \$13,000 Formal written quotes from at least 3 separate vendors (if available)

\$13,000 - \$19,999 Formal Request for Proposal (RFP) with a response from at least 3 vendors

\$20,000 and up Formal Sealed bids per New York State law

In all circumstances, whenever the lowest quote is not awarded, there must be written documentation of the reason for the award. Under no circumstances can a quote be awarded that exceeds the bid limit.

There is no approved WLDC vendor listing; thus the Member may contact any bidders for the price quotations. In all instances state and local contracts must be utilized and preferred sources must be utilized as outlined by New York State Law.

C. Definitions

R.F.P. - Request For Proposal - *This is a formal document that includes the following: (1) a work statement or performance specifications; (2) time frames in which the work is to*

be completed; (3) specific criteria to be used in evaluating a proposal. R.F.P. awards are to be made by the WLDC Board.

Certain professional services are subject to an R.F.P. process. The attached "Guidelines for Procurement of Professional Services" are attached to this policy, and are considered a supplement to these purchasing procedures.

Written Quotation - Formal, written document requesting a price quote from a vendor to provide goods or services to the WLDC. Information that must be supplied to the vendor should include a description of the product or service including specifications of both the product and delivery schedule. Award will generally be based on lowest dollar amount of quotations returned.

3. MONETARY LIMITS

In accordance with General Municipal Law Section 103, all New York State municipalities must activate a formal written bidding process for purchases exceeding \$10,000 and Public Works contracts exceeding \$20,000. Specifications must be drawn indicating quantity, bid opening date, and various other legal requirements. WLDC Board approval must be obtained and legal notices must be published.

The bidding statute has been interpreted to require bidding where it is known or can reasonably be expected that the aggregate amount to be spent on an item of supply or equipment will exceed \$10,000, or the aggregate amount to be spent on a single public works contract will exceed \$20,000 in a fiscal year.

4. EMERGENCY PURCHASES

General Municipal Law Section 103 governs the acquisition of goods and services in emergency situations and defines an emergency as "In the case of public emergency arising out of an accident or other unforeseen occurrence or condition whereby circumstances affecting public buildings, public property or the life, health, safety or property of the inhabitants of a political subdivision or district therein, require immediate actions which cannot await competitive bidding".

A declaration of an emergency in a situation that was foreseeable or anticipated, or was caused by poor management or lack of planning will not hold up under judicial scrutiny. When possible, it is a good practice for the WLDC Board to adopt a resolution declaring an emergency and setting forth the facts upon which the declaration is based before any goods or services are obtained.

If it is not possible to secure WLDC Board approval, the President or Director may take emergency action as outlined by New York State Law and WLDC purchasing guidelines. Any such purchases will be approved by the President or Director. Even in an emergency situation, it is in the public interest that purchases be made at the lowest possible cost. Thus, the Member should seek competition by informal quotations to the extent practicable under the circumstance.

5. PURCHASE ORDERS

The purchase order (P.O.) is the official document that authorizes the vendor to deliver the product and legally obligates the WLDC to pay for it. The P.O. is generally requested by a Member and approved by the Chief Financial Officer before an order is placed.

6. PAYMENT

A. All invoices will be sent to the requisitioning Member by the vendor.

B. Upon verification of price, accepted delivery and terms, the original invoice must be signed and dated by the approving Member.

C. All payment requests must be approved by the President or Director who are responsible for the accuracy of the information and dollar amounts charged by the vendor.

D. The supporting documents should then be returned to the Chief Financial Officer, along with any packing slip that may have been delivered with the goods. The packing slip should be signed by the person who took delivery of the goods, as additional evidence that the goods were properly received.

7. UNAUTHORIZED EXPENDITURES

Any unauthorized expenditures become the legal and financial responsibility of the person who placed the order.

Approved July 14, 2009

**CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION
SUPPLEMENT TO PURCHASING POLICY
GUIDELINES FOR PROCUREMENT OF PROFESSIONAL SERVICES**

Policy Overview:

As a matter of good practice, Requests for Proposals (RFPs) should be done in order to hire the most qualified service provider, at the most reasonable price. Annual RFPs are not required; however, they must be done for any initial contracts exceeding \$10,000. Note that the \$10,000 limit is not necessarily an annual limit, but is the threshold for a professional engagement for a specific type of service or project, which may span multiple fiscal years.

Engagements for under \$10,000 do not require an RFP; however, it is expected that the City of Watervliet Local Development Corporation (WLDC) will exercise due diligence to make sure that a competent professional is chosen, at a reasonable fee. If there is a possibility that the scope of services might ultimately exceed \$10,000 due to multiple phases of work or due to certain contingencies, the WLDC should consider preparation of an RFP. If a payment request is made for services in excess of \$10,000, and an RFP was not solicited, Board approval will be required prior to payment by the Chief Financial Officer.

Creation of the RFP:

Certain projects may require intergovernmental collaboration, and should be managed on a joint basis as deemed necessary.

NOTE: A Request for Qualifications (RFQ) may be appropriate if it is deemed desirable to narrow the scope of the actual RFP review to professionals who have been designated as eligible to submit an RFP, based on an assessment of their expertise. The focus of an RFQ is solely on a professional's realm of relevant experience, where the WLDC sets forth the minimum standards we require. An RFQ does not solicit a proposal on the specific project at hand. Once the professionals have been deemed qualified, they can respond to the WLDC's detailed RFP. Please see the Chief Financial Officer if this is being considered.

The person initiating the RFP must provide a draft copy of the RFP to the Chief Financial Officer, for review and approval prior to issuance. The review will be completed within ten (10) business days. The purpose of this review is to achieve uniformity in format, and standardization in certain contractual language.

The person issuing the RFP generally performs the review of responses, and makes the recommendation for appointment.

Who is Authorized to Hire the Professional:

- Annual Services Less than or Equal to \$10,000: President
- Annual Services Greater than \$10,000: WLDC Board

The President, regardless of the approval level, should sign all contracts. A purchase order must be issued upon the contract signing (*note that an "inverted" purchase order is typically used for professional services*).

Duration of the Selection Based upon the RFP Process:

Once a professional has been selected, the professional services may be utilized within five years of the appointment, assuming the work is within the scope of the initial RFP, and the prices are within a reasonable range (allowing for modest price escalations). RFPs must be reissued every five years, at a minimum, in order to ensure that the goals of a most qualified/reasonably priced professional is engaged. Note that the contract term would generally be for a one-year period; the policy merely allows the initial RFP to be valid as a means of selection for a five-year period.

What if the Approved Professional is Unable to Provide Services:

In the event a professional appointed in accordance with this policy is unable to provide the services, or if the WLDC is not satisfied with the services provided, the WLDC may refer back to the most recent RFP file, and contact the second and third choices. Upon updating price information, the Executive Director may then recommend the appointment of a new professional by the WLDC Board, without going through another RFP process. This new appointment will then start the five-year period in which the professional can serve without conducting a new RFP.

Exceptions Requiring WLDC Board Approval Regardless of Amount:

At the discretion of the President, or as otherwise may be required by statute, purchased services for less than \$10,000 may be referred to the WLDC Board for approval. The following items require WLDC Board approval, regardless of amount:

- Audit Services. Note that the auditors are subject to annual appointment.
- Legal Services. Exempt from RFP requirements; however, subject to recommendation from the WLDC Executive Director, and ultimate approval by the WLDC Board.

Emergency Engagements:

Although likely to be a rare event, there may be an emergency situation in which professional consulting is required immediately in order to protect the public interest. If the Executive Director deems such an emergency to exist, with the written approval of the President, a professional may be engaged. If the scope of the work is anticipated to exceed \$10,000, the facts and circumstances of the emergency necessitating the hiring of the consultant without adherence to the RFP requirement must be submitted to the WLDC Board, for their ultimate approval, prior to payment by the Chief Financial Officer.

Exceptions to the RFP Requirement:

- Certain Proprietary Software: Although initial decisions to purchase proprietary software (licensed and supported by the company who created the software) should conform to the RFP requirement, subsequent purchases of integrated software modules are not subject to the RFP process, as it may be deemed contrary to the public interest to deviate from an adopted business platform. All purchases of software require the approval of the City of Watervliet Director of Planning and Community Revitalization.

Approved July 14, 2009