INTER-OFFICE MEMORANDUM **CITY OF HARRISBURG**

January 16, 2014

TO: Mayor Eric Papenfuse

FROM: Charlie DeBrunner

SUBJECT: Purchasing Policies

The City's Administrative Code and the Optional Third Class City Charter Law have vested in the Mayor and the Controller "the final authority on behalf of the City to approve purchases, award bids and enter into contracts and agreements." The Purchasing Office serves as the City's principal purchasing official responsible for coordinating the procurement of supplies, services and construction in accordance with the Third Class City Code and all other applicable laws, which the City is mandated to follow. The following ten excerpts summarize key aspects of the City's purchasing policy:

1. Purchases below $1,000 do not require a purchase order; however, it is the City's policy to obtain a suitable number of telephone quotes to ensure the lowest price.
2. Purchases between $1,000 and $18,899.99 require a purchase order. The City's policy is to obtain three telephone quotes on purchases up to $10,000.00 and three written quotes on purchases over $10,000.00 but less than $18,900.00. All requisitions without written quotes will not be processed.
3. Purchases of $18,900 (adjusted annually) or more require a purchase order. All goods and services in this category shall be furnished under Public Bid criteria. Sealed bids shall be advertised in two publications for two days and shall be posted on a bulletin board in the City Government Center, with the bid opening to be at least ten days after the advertisement first appears.
4. Exceptions to number three above:
    a. Maintenance and repairs for public works, provided they are not for new additions, extensions or enlargements of existing facilities and equipment.
    b. Improvements, repairs, and maintenance by City employees.
    c. Sole Source purchases.
    d. Purchases of any insurance policies.
    e. Purchases of any public utility service.
    f. Purchases off of state contracts or Federal Surplus.
    g. No bid purchases of professional services. These must be approved by City Council.
    h. Purchases of real estate.
5. All requisitions must include the following:
    a. List of vendors solicited and their status (minority owned (MBE), woman owned (WBE), or City Business
    b. Type of solicitation (phone or written quotation).
    c. Written justification as to why bids were not solicited from a minority, woman or city business.

6. The procurement should be made from the lowest responsible respondent with the primary objective of obtaining the best product at the lowest price. In circumstances where all considerations are equal, preference shall be given to a city vendor first with secondary preference being afforded to an MBE or WBE. A city based MBE or WBE shall always have top priority.
7. Since a purchase order is generated from the requisition, it is essential that all the information on the requisition be as complete as possible. <u>It is necessary that not only the vendor be able to understand what he is providing but also that those in the approval process be able to determine what is being ordered as well so as to allow for proper control and accountability.</u>
8. The purchase order is a legal document, a memorandum of a contract between the City and the vendor. It must be signed by the Mayor and Controller on behalf of the City. You do not have the authority to order and or receive any goods or services until the purchase order has been issued. To do so is in direct violation of Administrative policy. The approximate time that it normally takes to issue a purchase order from the requisition stage is ten days.
9. Open Accounts. The purpose of this type of purchase is to adequately handle those situations when there are repetitious or recurring demands for the same service or product in which quantities and occurrences are difficult to anticipate in advance, inventory storage capacity is limited. An open account is established in the same manner as any regular purchase order. The requisition established a “Not to Exceed” maximum amount for the open account. Open purchase orders are considered the least desirable form of procurement because they are not competitive and should not be used when a regular purchase order can be used. When using open accounts, two or three vendors that provide the same product or service should be used to provide the best price.
10. Emergency Purchase Orders. These involve situations where life, property or an essential operation is in jeopardy. <u>Oversight or lack of anticipating one’s needs for normal requirements or otherwise poor planning are not justification for an emergency purchase</u>. The following procedures pertain:
    a. If the emergency occurs outside of normal working hours, the department shall take the necessary actions and notify the Purchasing Office by phone the next day and follow up with a properly completed requisition.
    b. If the emergency occurs during working hours, the department shall contact the Purchasing Office to justify the emergency and obtain proper authorization. The requisition will still circulate normally even though goods/services were purchased in advance.

cc: File