



The City of Toledo's Purchasing Process and Procedures

Summary

This document is provided to the Employees of the City of Toledo as a manual or “guide” by which to follow or reference when in the business of procuring commodities and/or services and entering into contracts for the City. This is a combination and summary of the Toledo Municipal Code Chapter 187 and various ordinances and Administrative Policies relevant to the purchasing process for The City of Toledo. If at any time this manual becomes confusing please contact the Commissioner of Purchasing & Supplies at 245-1194 to obtain answers to your questions. If there is a need to reference the Toledo Municipal Code it can be found on The City of Toledo’s website; Ordinances are stored in numerical order by year on the City’s P drive in the City Council folder; and Administrative Policies are in the Human Resources folder also located on the City’s P drive. However all of the relevant sources quoted in this document can be found in the Purchasing Policies and Procedures folder within the Purchasing folder on the P-drive.

Introduction

When procuring commodities and/or services for The City of Toledo one must become familiar with the various documents that enable City purchasing.

The first and most widely used document is a Purchase Requisition. A purchase requisition is used to generate a purchase order. The purchase order contains a number that is given to the vendor at which point the requesting division may proceed with purchasing “off of” that purchase order. The vendor then invoices the City by sending an invoice to both the division purchasing products and to the Division of Accounts.

The second form of procuring products or services for The City of Toledo is to form a contractual agreement with a vendor. There are three types of contracts that the City enters into on a regular and recurring basis: contracts for construction work, contracts for the purchase of goods and services and contracts for professional services. These contractual forms are termed “bid packets” and are located in the Purchasing folder on the P drive.

The first type of contract, contracts for construction work, is for both construction in the amounts of \$40,000 or less and \$100,000 or more. These two contracts contain most of the same paperwork with the exception of the Best Bid Criteria forms, which are found in the bid packets for construction for \$100,000 or more. The Best Bid Criteria forms are to be filled out by the originating division prior to submission of the contract packet to Purchasing for processing. The Contract Compliance Specialist in the Office of Affirmative Action/Contract Compliance fills out the remainder of the Best Bid Criteria forms. The contract is then brought before the Contract Board of Awards (discussed on page 5 of this document) for review and award.

Purchases from 0--\$9,999

Rules: All expenditures in this range may be purchased without the necessity of a contract or Council authority.

Procedure: The requesting division obtains three price quotes for the product or service desired (except in the case of sole source items or services) and then selects the best vendor from the price quotes submitted. Each division is encouraged to obtain at least one price quote from an MBE or WBE who offers the desired product or service.

The division then fills out a Purchase Requisition that lists a brief description of what they are attempting to purchase, the total amount required to complete the purchase and the appropriate account codes for the money to be encumbered. The division's representative and then the department's director sign the form *before* it is sent to purchasing.

Afterwards, the form is submitted to Purchasing for the Commissioner's approval. If approved, a clerk enters the information into the Ross system and encumbers the money.

After the money is encumbered, the clerk will print out two Purchase Orders and mails one to the vendor and inter-office mails the other to the requesting division.

Purchases from \$10,000--\$39,000

City of Toledo Charter Section 228; Toledo Municipal Code Chapter 187.04 and 187.05; Ordinance 832-03 Section 1 (revising certain sections of TMC Chapter 187).

Rules: All purchases made within this range or greater must be under legislative authority and through a contractual agreement.

Procedure: Within this range, “informal” contracting is allowed. What is meant by “informal” is that the division initiates the contract. When contractual services are needed, the division drafts up specifications of what type of service or product they are interested in purchasing. After the specifications are completed, the division sends out bid packets to vendors in the community whom they believe offer the desired product or service. In informal contracting situations it is highly encouraged to seek bids from MBE or WBE firms that are capable of offering the service requested.

The bid packets are completed by the vendors and then sent back to the division. The division makes an award to the best vendor and sends contractual paperwork to purchasing. The packet should include an award letter from the contract contact person from the originating division detailing the bid process involved on the project and lists all vendors who bid with their respective bid amounts in addition to the reasons for award to the successful bidder.

The Commissioner then determines if proper purchasing procedures were followed, approves the processing of the contract and then assigns the contract to a purchasing clerk. The clerk examines all documents delivered and determines what documents (if any) are missing but required before the contract is moved to the next department.

After all paperwork is gathered and the funds are encumbered by way of a purchase requisition (as mentioned above), then the contract is placed into the City’s signature process for eventual Mayor approval.

Purchasing \$40,000 and greater

Toledo Municipal Code Chapter 187.03, 187.06-07

Rules: Per Chapter 187.03 of the Municipal Code, any expenditure in this range must be advertised in at least two consecutive sessions of the City Journal. After advertising the bids must be opened in a formal bid opening, not to be held less than ten days after the first ad in the City Journal.

****Specific Rules for Advertising****

When a project needs to be formally advertised the purchase requisition submitted with the ad information should be very specific as to rules of engagement for submitting bids on the particular project. The originating division is responsible for including project specifications and pricing sheets within the packet submitted to purchasing for advertisement.

The originating division is highly encouraged to submit the names and address of local vendors who are capable of performing the desired work so that a bid packet may be sent to them.

If there are any changes to the content of the original bid advertisement, the originating division shall submit a “Contract Addendum” to be sent out to all vendors who have picked up or received the original packet.

The originating division also lists dates of important pre-bid meeting within the ad requisition

Procedure: The division fills out a purchase requisition that describes what should appear in the ad in the City Journal. The requisition is approved by the Commissioner of Purchasing and then forwarded to a clerk for submission in the City Journal. The ad describes the method of bidding and gives the date and time of the bid opening (usually ten days after the second advertisement at 2:00 pm). The division has the discretion to determine the amount of time the project is advertised.

Per TMC Chapter 187.10, sealed Bids are delivered to the Division of Purchasing and Supplies. They are then opened and read aloud at the 2 o'clock bid opening. After the bids are opened and read, the originating division retrieves all of the bid documents and reviews them before making an award.

Once the division decides who the successful vendor/bidder is, they complete a contract packet and forward all documents to Purchasing. The originating division must include an award letter addressed to Purchasing detailing the process of award in addition to the reasons for award.

The Commissioner reviews the documents and approves the processing of the contract. The contract is then assigned to a clerk. The funds are encumbered by way of purchase requisition and the documents are checked for legality and completeness. After all necessary paperwork is received and/or corrected, the contract is then forwarded to the next stage of the contract signature process.

CONTRACT SIGNATURE PROCESS

- ❖ Originating division’s Commissioner signs the first line of the Contract Sign-Off sheet and then forwards the contract to the Departmental Director for approval and signature.

- ❖ The contract packet is then forwarded to the Division of Purchasing & Supplies for approval and processing.
- ❖ The Office of Affirmative Action and Contract Compliance reviews all contracts to enforce living wage and prevailing wage legal requirements and to enforce the MBE or WBE goal; 12.3% in construction and 7% in professional goods, services, and supplies.
- ❖ The Division of Taxation reviews all contracts to ensure that prime contractors as well as sub-contractors are in Toledo Income Tax compliance.
- ❖ The Finance Administration reviews all contracts to make sure that there are actually funds available for expenditure and in the proper accounts. The Director of Finance verifies the financial integrity of the contract by signing the Fiscal Officer's certificate.
- ❖ The Law Department reviews the Agreement for legality before its final approval by the Mayor.

A contract is not officially a contract until the Mayor or his duly designated representative has signed the Agreement section of the contract packet

Board of Awards

Toledo Municipal Code Chapter 187.12(a) and 187.12(c)

For construction contracts in the amount of \$100,000 or more, the department director in concert with representatives of the Mayor's office, Finance Department, Law Department, and Office of Affirmative Action/Contract Compliance, and the Division of Purchasing shall determine the lowest and best bidder, or they may reject all bids.

All contracts that should go before the Board of Awards **must** reach the Division of Purchasing by **noon** on the Wednesday before the Board of Awards' Friday meeting.

If the authorizing ordinance for the contract has not yet been approved by City Council then the originating division can bring forth the contract to the Board of Awards for conditional approval of the proposed contract. Once Council approves the legislation the contract can start the approval/signature process.

Supplemental Board of Review

Administrative Policy #33

When it is necessary to change the scope of work on a contract resulting in at least a 15% increase to the original amount of the contract, the supplemental shall be referred to the Contract Supplemental Board of Review.

All supplementals that are 15% above the original amount of the contract; supplementals that are less than 15% of the original amount but are \$200,000 or more are to be brought before the Supplemental Board of Review. However, supplementals that are 15% above the original amount of the contract but are less than \$10,000 are not required to Board approval. All contract close-outs are required to go before the Board.

If the originating division wishes to have a supplemental appear before the Board of Review then the supplemental and all necessary copies of the required paperwork **must** reach the Division of Purchasing and Supplies by **noon** on the Wednesday before the Friday Board meeting.

Per AP 33 this Board shall be chaired by the Director of the Law Department and consist of the Director of Finance, the Commissioner of the Division of Purchasing & Supplies, the Assistant Chief Operating Officer and the department head responsible for the original contract.

REQUESTS FOR PROPOSAL (RFP)

RFP's are composed to solicit professional services or goods and services contracts. The requesting division drafts the technical aspects or specifications. The appropriate contract packet (found in the Purchasing folder on the P drive) is placed with the project specifications and then sent to Purchasing for advertising (if contract amount will exceed \$40k).

Proposals are received in the Division of Purchasing for normal bid opening (Tuesdays at 2pm) but are not opened. The names of the vendors who have submitted proposals are read instead of pricing information. After the names are read all of the proposals are mailed to the originating division for evaluation and subsequent award. The factors for evaluation are derived from Toledo Municipal Code Chapter 187 section