

**CITY OF MARYSVILLE AGENDA BILL**

**EXECUTIVE SUMMARY FOR ACTION**

**CITY COUNCIL MEETING DATE:**

<b>AGENDA ITEM: Purchasing Policy Resolution</b>	
<b>PREPARED BY: Jon Walker</b>	<b>DIRECTOR APPROVAL:</b>
<b>DEPARTMENT: Legal</b>	
<b>ATTACHMENTS:</b>	
<b>BUDGET CODE:</b>	<b>AMOUNT:</b>
<b>SUMMARY:</b>	

The purchasing policy resolution sets forth minimum procedures for procurement, solicitation, and award of contracts for goods and services, the mayor’s authority to execute contracts, and related matters. This resolution would replace Resolution No. 2469, the City’s current purchasing policy.

This resolution would increase the mayor’s authority to execute contracts less than \$100,000.00 to update the City’s threshold and make it comparable to other cities in Snohomish County, authorize the mayor to execute amendments to agreements accepting grant funds where the amendment will not alter the underlying purpose of the use of the grant funds, permit the mayor to authorize department directors to purchase equipment and supplies and obtain repairs when budgeted funds are available.

Dollar thresholds for various procurement methods (e.g. small works roster, competitive bidding) are updated to reflect changes in state law.

The City’s Federal Procurement Manual is updated and attached as an exhibit to the resolution. The Manual contains standards for procurement utilizing federal funds. The updates reflect changes in federal law and are intended to comply with audit requirements.

The documents are shown in underline/strikeout to reflect the changes being made. The appropriate resolution number will be added to the Federal Procurement Manual if Council chooses to adopt it.

<b>RECOMMENDED ACTION:</b> Staff recommend the Council consider adopting the purchasing policy resolution and attached Federal Procurement Manual.
<b>RECOMMENDED MOTION:</b> I move to adopt Resolution No. _____ .

CITY OF MARYSILLE  
Marysville, Washington

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY OF MARYSVILLE DELEGATING CONTRACTING  
AUTHORITY, ESTABLISHING MINIMUM PROCUREMENT PROCEDURES, AND  
REPEALING  
RESOLUTION NO. ~~2447~~2469.

WHEREAS, Washington State law requires the City to follow certain procedures in bidding and awarding public work projects, requires the City to follow certain procedures in procuring specified services, and otherwise allows the City Council to establish the manner in which the City procures public works, goods, and services; and

WHEREAS, RCW 35.23.352 and RCW 39.04.155 were amended by ESB 5418 to alter the limits for utilizing the small works roster and verbal quotes on public works; and

WHEREAS, federal guidelines for purchasing goods, materials, and supplies unrelated to a public work have increased the dollar amount at which competitive bidding is required; and

WHEREAS, the City Council desires to ~~establish provisions for interlocal cooperative purchasing~~ increase the threshold for Council approval of agreements as allowed under RCW 39.34 to \$100,000.00 to reflect current conditions; and

WHEREAS, the City Council desires to delegate its authority to manage grant funds of less than \$100,000.00 to the mayor when such management does not result in altering the underlying purpose of the grant; and

WHEREAS, the City Council desires to delegate its contracting authority, in accordance with this Resolution, to allow the City to serve the public good by procuring public works goods, and services in an efficient and effective manner that complies with State law;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARYSVILLE, WASHINGTON, AS FOLLOWS:

**Section 1. Delegation of Contracting Authority and Reservation of Council Approval**

The City Council must approve the following agreements prior to the Mayor executing them:

- a. All agreements with a total cost of ~~\$75~~100,000 or greater.
- b. All interlocal agreements.
- c. Any amendments, or supplemental agreements modifying an existing agreement that had an original total cost of ~~\$75~~100,000 or greater, except no-cost time extensions that do not exceed six months and change orders that do not exceed the approved management reserve.

- d. Any amendments, or supplemental agreements modifying an existing agreement that had an original total cost of less than ~~\$75~~100,000 but where the cumulative total of the original agreement and all change orders, amendments, and supplemental agreements will exceed ~~\$75~~100,000.

The Mayor may otherwise execute agreements, as necessary, without Council approval, provided that the agreement is solicited and awarded in accordance with the minimum procedures contained in this Resolution and such further procedures as the Mayor, Chief Administrative Officer, or Finance Director may adopt that are not inconsistent with this Resolution. If the Mayor has authority to execute an agreement, he or she may permit department directors to purchase supplies, equipment, or to secure necessary repairs for continued city operations so long as budgeted funds are available and the acquisition is in accordance with the minimum procedures in this Resolution.

**Section 2. Minimum Procurement Requirements.**

City Staff shall follow, at a minimum, the procedures listed below, and such further procedures as the Mayor, Chief Administrative Officer, or Finance Director may adopt that are not inconsistent with this Resolution. Procedures are not inconsistent if they require, for a particular procurement, more process or more competition than specified in this Resolution. All federally funded purchases must follow the Federal Procurement Manual (Exhibit A).

- a. Purchase of Goods, Materials, and Supplies (unrelated to a public work). The procurement of goods, materials, and supplies must comply with the table below: (except that federally funded purchases must follow the Federal Procurement Manual (Exhibit A)):

Limit*	Minimum Requirement**
<del>\$0</del> – <del>\$2,499</del> <u>Less than \$10,000</u>	Single Quote – Department Heads may use a local purchase order or purchasing card.
<del>\$2,500</del> – <del>\$3410,000</del> - <del>\$74,999</del>	Minimal Competition – City staff must obtain <del>three</del> verbal quotes from at least three suppliers.
<del>\$3575,000</del> - <del>\$149349,999</del>	Informal Competition – City staff must obtain written quotations from at least three suppliers
<del>\$150350,000</del> and Above	Formal Competition – City Staff must utilize competitive bidding.

\*Including applicable taxes and freight

\*\* Federally funded purchases must follow the procedures in the Federal Procurement Manual

- b. Services.

- i. *Architectural and Engineering Professional Services.* City Staff must comply with chapter 39.80 RCW for procuring professional services within the architectural, engineering, land surveying, or landscape architecture professions.

- ii. *Other Services.* City staff must utilize the level of competition that is practical under the circumstance and follow any guidance from the Legal Department. Where price alone is not the determining factor, staff may utilize requests for proposals.
- c. Public Work. Procurements involving a public work of the City must comply with the minimum competition listed in the table below (staff may always utilize any greater competition listed for higher dollar thresholds):<sup>1</sup>

Single Craft/Trade*		Multi Craft/Trade*	
<del>\$0</del> — <del>\$7,499</del> <u>Less than \$10,000</u>	Single Quote	<del>\$0</del> — <del>\$7,499</del> <u>Less than \$10,000</u>	Single Quote
<del>\$7,500—\$39</del> <u>\$10,000 — \$74,999</u>	Minimal Competition (three verbal quotes)	<del>\$7,500—\$64,999</del> <u>\$10,000 — \$116,155</u>	Minimal Competition (three verbal quotes)
<del>\$40</del> <u>\$75,000 — \$299</u> <del>\$349,999</del>	Small Works Roster (at least five contractors)	<del>\$65,000—\$299</del> <u>\$116,156 — \$349,999</u>	Small Works Roster (at least five contractors)
<del>\$300</del> <u>\$350,000 and Above</u>	Competitive Bidding	<del>\$300</del> <u>\$350,000 and Above</u>	Competitive Bidding

\* Federally funded public works must follow the procedures in the Federal Procurement Manual

- d. If city staff believe the lowest bid is not responsive or the lowest bidder is not responsible, staff will consult with the Finance Director prior to award of the contract.

**Section 3. Cooperative Purchasing.**

The City must enter into an interlocal cooperative purchasing agreement, in accordance with the provisions set forth in RCW 39.34 as currently written or hereafter amended, prior to executing an agreement for a cooperative purchase. All federally funded purchases must follow the Federal Procurement Manual.

When purchases are made from a contract awarded by another public agency and where an interlocal cooperative purchasing agreement is in place, any statutory obligation to provide notice for bids or proposals that applies to the City is satisfied if the public agency or group of public agencies that awarded the bid, proposal, or contract complied with its own statutory requirements and either (1) posted the bid or solicitation notice on a website established and maintained by a public agency, purchasing cooperative or similar service provider, for purposes of posting public notice of bid or proposal solicitation, or (2) provided an access link on the state’s web portal to the notice.

<sup>1</sup> The exception in RCW 35.23.352 for street signalization and street lighting public works projects is adopted.

The City may include, in any invitation to bid, request for proposals, or other solicitation notice that the City participates in cooperative purchasing and that other public agencies may desire to place orders in accordance with the awarded contract. Bidders/proposers may be asked to indicate if they agree to allow orders from other public agencies that have an interlocal cooperative purchasing agreement with the City.

**Section 4. Grant Funds**

In order to insure that procurements with grant funds are handled appropriately, that the process is transparent, and that all areas of procurement accountability are ~~address~~addressed, procurements with grant funds must follow the more restrictive of: (1) this Resolution, (2) any procedures adopted by the Mayor, Chief Administrative Officer, or Finance Director, or (3) the requirements applicable to the grant funds.

If the Council has voted to accept grant funds in the amount of less than \$100,000.00, any amendment to a grant between the City and the grantor that does not alter the underlying purpose of the grant may be executed by the Mayor without further Council action, unless the grant requires Council action for an amendment.

**Section 5. Federal Grant Funds.**

a. Procurement Policy.

In order to insure that procurements with Federal grant funds are handled appropriately, that the process is transparent, and that all areas of procurement accountability are ~~address~~addressed, procurements with Federal grant funds must follow the more restrictive of: (1) this Resolution, (2) any procedures adopted by the Mayor, Chief Administrative Officer, or Finance Director, or (3) the requirements of the Federal grant or Federal law and regulations.

b. Code of Ethics.

City staff involved in the procurement of goods and services with Federal grant funds shall have a full understanding of the Federal awarding agency's conflict of interest policies applicable to the award.

City staff involved in the procurement of goods and services with Federal grant funds must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

City staff involved in the procurement of goods and services with Federal grant funds must comply with State law and the City's Code of Ethics, codified in chapter 2.80 of the Marysville Municipal Code.

**Section 6. Exceptions and Waiver of Competitive Procurement.**

City staff and the Mayor are authorized to solicit or enter into an agreement as otherwise authorized by State law unless prohibited by the municipal code or this Resolution. To the extent authorized by State law, the City Council waives competitive procurement requirements in the following situations and any other situations authorized by state law:

- (1) Purchases that are clearly and legitimately limited to a single source of supply;

- (2) Purchases involving special facilities or market conditions;
- (3) Purchases in the event of an emergency;
- (4) Purchases of insurance or bonds;
- (5) Public works in the event of an emergency;
- (6) Purchases of supplies, materials, or equipment through an auction conducted by the United States or an agency thereof, an agency of the state of Washington, a municipality, or other government agency, or a private party if the items can be obtained at a competitive price; and
- (7) Purchases of supplies, materials, electronic data processing and telecommunication equipment, software, services, and/or equipment from or through the United States government.
- (8) When using the Department of Enterprise Services' (DES) Master Contracts Usage Agreement (MCUA, the city will not be required to retain bid documentation.

If the agreement will have a total cost of less than ~~\$75~~100,000, the Mayor will determine if competitive procurement should be waived for one of the reasons in this section.

**Section 7. Administration.** Administration of this Resolution is the responsibility of the Finance Director.

**Section 8. Repealer.** Resolution No. 24472469 is hereby repealed for the reason that it is replaced by this Resolution.

PASSED by the City Council and APPROVED by the Mayor this \_\_\_\_\_ day of \_\_\_\_\_, ~~2019~~2020.

CITY OF MARYSVILLE

\_\_\_\_\_  
Jon Nehring, Mayor

ATTEST:

\_\_\_\_\_  
Tina Brock, Deputy City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
Jon Walker, City Attorney



# FEDERAL PROCUREMENT MANUAL

2 CFR 200 PROCUREMENT GUIDANCE

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## Summary

The purpose of this Federal Procurement Manual (the “Manual”) is to provide procurement guidance to City of Marysville (the “City”) staff working with Federal grant funds according to the standards listed in the final guidance issued in the Federal Register on December 26, 2013, codified in 2 CFR § 200. Where City staff are procuring goods or services with Federal grant funds, City staff must assure that the procurement complies with Federal regulations and the City’s procurement policies. This policy is intended to assist City staff in complying with the Federal regulations, but City staff must satisfy the stricter requirements. Where the City is only acting as a pass-through entity for Federal grant funds, this policy will not apply, though the City and the sub-recipient will still be required to comply with all applicable Federal regulations.

The basis for the information in this Manual comes from 2 CFR § 200, the documents listed below, and the federal regulations applicable to the specific grant. City staff will utilize the information from this Manual to handle procurements with federal funds appropriately, assure that the process is transparent, and address all areas of procurement accountability.

This Manual does not address all aspects of 2 CFR § 200. Departments are responsible for complying with all Federal regulations applicable to the grant they are operating under and for obtaining all information required for proper accounting in accordance with Federal regulations.

[The City will follow the Uniform Guidance, the Local Agency Guidelines \(LAG\) distributed by the Washington State Department of Transportation \(WSDOT\), Governmental Accountability Office Standards for Internal Control in the Federal Government \(the Green Book\), and the Committee of Sponsoring Organizations of the Treadway Commission’s \(COSO\) Internal Control - Integrated Framework Principles included as Attachment A.](#)

This Manual was compiled with reference to the following:

1. 2 CFR § 200 (Uniform Guidance)
2. City of Marysville Resolution [23272469](#)
3. City of Marysville Memorandum regarding Consultant Selection by Public Works Director dated January 15, 2016

Other Helpful Resources:

1. COFAR: <http://cfo.gov/cofar>
2. Contracting for Services: Guidelines for Local Governments in Washington State (November 2013)
- ~~3. eCivis Webinars re Uniform Guidance: <http://blog.ecivis.com/topic/omb>~~

The thresholds and other information in this document reflect both the Federal requirements and the City of Marysville requirements. In particular, the dollar thresholds for the City are derived from Resolution [2327-2469](#) and, in some cases, are more restrictive than the Federal requirements.

This document is subject to revisions as required by the City or Federal law.

## Internal Controls

The City will maintain effective internal controls over the Federal award providing reasonable assurance that the city is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

- Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive.
- Follow the process workflow included as Attachment B.

## Certification

To assure that expenditures are proper and in accordance with the terms and conditions of the Federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreements must include a certification, signed by an official who is authorized to legally bind the non-Federal entity, which reads as follows: "By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise."

Project Managers must use the contract routing sheet to acquire this certification.

## Advance Payments and Reimbursements

Payment methods must minimize the time between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the city, whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

Advanced payments must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the city to carry out the purpose of the approved program or project. Any advanced payments must be consolidated to cover anticipated cash needs.

The city shall minimize the time between receipt of federal aid funds and subsequent payment of incurred costs.

## General Federal Grant Procurement Information

All City Departments utilizing Federal grant funds to purchase goods or services are to be familiar with the following general information:

1. Read and understand all of the requirements of the grant that is being utilized, including the Federal regulations providing guidance on the procurement process.

2. Maintain oversight to ensure that vendors perform in accordance with the terms, conditions, and specifications of their contracts. 2 CFR § 200.318(b). This is best accomplished by identifying a ~~Contract Administrator~~Project Manager as the designated person in the department who is responsible for ensuring that all contract requirements are met, including but not limited to, timely delivery, correct quantities, products meeting specifications, and charges being consistent with the contract or purchase order. The Project Manager is recommended to maintain written documentation and checklists to reflect continued compliance monitoring.
3. Read and understand all of the written standards of conduct governing conflicts of interest and governing the performance of employees engaged in the selection of awards and administration of contracts. The City has included specific code of conduct provisions at the end of the Manual. 2 CFR § 200.318(c)(1).
4. Determine the need for the good or service, and where appropriate, determine the most economical approach (for example, a lease vs. purchase). 2 CFR § 200.318(d).
5. Determine if a cooperative bid is feasible with another government entity to increase the amount of good or services being ordered to obtain the best pricing for common or shared goods and services. 2 CFR § 200.318(e).
6. Determine if Federal excess and surplus property is available in lieu of purchasing new equipment. 2 CFR § 200.318(f).
7. Awards and contracts must only be to responsible contractors possessing the ability to perform successfully under the terms and conditions of the procurement. 2 CFR § 200.318(h).
8. Departments must maintain records sufficient to detail the history of procurement, including but not limited to, rationale for the method of procurement, selection of contract type, contractor selection or rejection, and basis for the contract price. 2 CFR § 200.318(i).
9. Time and material type contracts can only be used after a determination that no other contract is suitable and when the contract includes a ceiling price that the contractor exceeds at its own risk. 2 CFR § 200.318(j).
10. All procurement transactions must be conducted in a manner providing full and open competition. 2 CFR § 200.319. Do not test products from one or more vendors prior to issuing a bid or request for proposals for that type of product. The use of brand names in procurements is prohibited unless followed by the words, "Or Equivalent". If brand name or equivalent is used in a procurement, it shall be followed by the salient characteristics of the product listed.
11. All contracts awarded using Federal funds must be officially closed out by the Project Manager completing the Project Closeout Form and submitting to the City Clerk's Office.

## Cost Sharing or Matching

For all Federal awards, any shared costs or matching funds and all contributions, including cash and third party in-kind contributions, must be accepted as part of the non-federal entity's cost sharing or matching when such contributions meet all the criteria outlined in 2 CFR § 200.306 (b). If the purpose of the Federal award is to assist the non-Federal entity in the acquisition of equipment, buildings or land, the aggregate value of the donated property may be claimed as cost sharing or matching.

## Allowable Costs

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards (2 CFR 200.403):

- Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles
- Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items
- Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the City
- Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- Be determined in accordance with GAAP, except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- Be adequately documented.

## Methods of Procurement

City staff may use one of the following six methods of procurement when utilizing Federal grant funds (either wholly or partly). The appropriate method is determined by the type of procurement and the estimated cost of the procurement.

### 1. Micro-Purchase Process

The following Micro-Purchase process will be followed any time Federal grant funds are used by City departments for one-time purchases of goods or services that do not exceed ~~\$2,499~~10,000<sup>1</sup> (or \$2,000 in the case of acquisitions for construction subject to the Davis-Bacon Act).

1. The department must establish the need for the purchase, establish clear and accurate specifications without unduly restricting competition, and identify sources.
2. The department shall have a full understanding of what the specific federal regulation requirements are before proceeding with a Micro-Purchase.
3. All Micro-Purchases by City departments using Federal grant funds must comply with the City's purchasing procedures (Resolution No. ~~2327-2469~~ as may be amended or replaced).
4. All Micro-Purchases will be conducted under the following guidelines:
  - a. The City must distribute these purchases, to the extent practicable, equitably among qualified suppliers.
  - b. Micro-Purchases may be awarded without soliciting competitive quotations if the City considers the price reasonable.
  - c. No rate competitive quotations are necessary for the purchase.
  - d. No cost or price analysis is required.
  - e. The City must make the purchase from any one of a number of suppliers.
  - f. The department shall keep all Micro-Purchases in a file for easy accessibility and auditing.
5. The department will utilize and award to "Small and Minority Firms, Women's Business Enterprise" when reasonable and possible and in compliance with State law.
6. The departments will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an "Excluded Vendor." A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

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<sup>1</sup>~~Federal regulation allows micro-purchases up to \$3,000, but City policy requires more competition above \$2,499.~~

## 2. Small Purchase Process

The following Small Purchase process will be followed any time Federal grant funds are used by City departments to purchase goods or services, the price of which equal or exceeds ~~\$2,500~~10,000 but is under ~~\$150,000~~250,000.

1. The department must establish the need for the purchase, establish clear and accurate specifications without unduly restricting competition, and identify sources.
2. The department shall have a full understanding of the applicable Federal regulations before proceeding with a Small Purchase.
3. All Small Purchases by City departments using Federal grant funds must comply with the City's purchasing procedures (Resolution No. ~~2327~~2469 as may be amended or replaced).
4. The department will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an "Excluded Vendor." A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.
5. The department will develop a documentation folder for all Small Purchase procurements for use by the Finance Department to meet performance reporting requirements and audit needs. Contracts resulting from Small Purchases will be entered into MIRS or Laserfiche by City Clerk.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

\*All construction projects with a cost over \$2,000.00 must follow procedures and include proper information for applying Davis Bacon wage rates, if applicable.

\*For a specific procurement, you must exclude from bidding or proposal submission any vendors who have been involved in development of the procurement. For example, you must not accept bids or proposals from vendors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement.

### 3. Sealed Bid Purchase Process

The following Sealed Bid Purchase process will be followed any time Federal grant funds are used by City departments to purchase goods or services that exceed \$~~150,000~~250,000.

1. The department must establish the need for the purchase, establish clear and accurate specifications without unduly restricting competition, and identify sources.
2. The department shall have a full understanding of the applicable federal regulations before proceeding with a Sealed Bid Purchase.
3. The department must conduct the competitive bidding process in accordance with State law (without using the Small Works Roster process) and City policies.
4. The department will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an excluded Vendor. A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

\*All construction projects with a cost over \$2,000.00 must follow procedures and include proper information for applying Davis Bacon wage rates, if applicable.

\*For a specific procurement, you must exclude from bidding or proposal submission any vendors who have been involved in development of the procurement. For example, you must not accept bids or proposals from vendors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement.

#### 4. Competitive Proposal Purchase Process – Non-A/E Services

The Competitive Proposal process may be followed any time Federal grant funds are used by City departments to purchase goods or services when the conditions are not appropriate for the use of sealed bids. The Competitive Proposal process is normally conducted with more than one source submitting an offer and either a fixed price or cost-reimbursement type contract is awarded.

*This process is not applicable to the selection of Architectural/Engineering professional services as State law requires that those services are selected using a Qualifications-Based Selection process. (See Competitive Purchase Process – A/E Services.)*

1. Establish need for purchase, establish clear and accurate specifications without unduly restricting competition, and identify sources.
2. The department shall have a full understanding of the applicable federal regulations before proceeding with a Competitive Proposal.
3. All Competitive Proposals will be conducted under the following guidelines:
  - a. Prepare Request for Proposal (RFP). Include all requirements in order for proposers to understand what the City needs and how the City will evaluate responses.
  - b. Publish legal notice in major daily newspapers and/or other publication (Marysville Globe, Daily Journal of Commerce, etc.) to notify firms of upcoming solicitation.
  - c. Post solicitation document on City website (optional).
  - d. Establish scoring criteria and prepare score sheets.
  - e. Develop a rating team of at least three individuals.
  - f. Evaluate proposals strictly against criteria set forth in the RFP. Tabulate scores and determine ranking of proposers.
  - g. Schedule and conduct oral interview of top three finalists if project cost is estimated to be greater than \$250,000. (Oral Interviews on projects estimated to cost less than the \$250,000 threshold is optional based on complexity of the project or as determined by the Public Works Director or City Engineer). If conducting interviews, establish interview criteria and prepare score sheets. Evaluate interviews.
  - h. Establish interview scoring criteria and prepare score sheets (if conducting Oral Interview).
  - i. Conduct Interview (if required).
  - j. Evaluate interviews. Tabulate scores and determine interview ranking of proposers (if required).
  - k. Determine final scoring and select most qualified firms.
  - l. Notify successful and unsuccessful firms.
  - m. Negotiate contract with most qualified firm.



- n. Conduct debriefing conferences with unsuccessful proposals, if requested.
  - o. Document process for file, including selection criteria: all responses to RFP and Oral Interview (optional); basis for award decision; and copy of contract.
4. The department will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an "Excluded Vendor." A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.
  5. The department will develop a documentation folder for all Competitive Proposals for use by the Finance Department to meet performance reporting requirements and audit needs. The contract will be loaded into MIRS or Laserfiche by the City Clerk.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

\* For a specific procurement, you must exclude from bidding or proposal submission any vendors who have been involved in development of the procurement. For example, you must not accept bids or proposals from vendors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement

## 5. Competitive Proposal Purchase Process – A/E Services

The Competitive Proposal process will be followed any time Federal grant funds are used by City departments to obtain Architect/Engineering (A/E) services.

The process will use procedures for qualifications-based procurement of A/E professional services whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation.

The method, where price is not used as a selection factor, can only be used in procurement of A/E professional services. It cannot be used to purchase other types of services though A/E firms are a potential source to perform the proposed effort.

1. Establish need for procurement of A/E professional services, establish clear and accurate specifications without unduly restricting competition, and identify sources.
2. The department shall have a full understanding of their applicable Federal regulations before proceeding with a Competitive Proposal.
3. All Competitive Proposals for A/E professional services will be conducted in accordance with State law and City policies as those requirements are more strict than the Federal regulations.
4. The department will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an "Excluded Vendor." A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.
5. The department will develop a documentation folder for all Competitive Proposals for use by the Finance Department to meet performance reporting requirements and audit needs. The contract will be loaded into MIRS [or Laserfiche](#) by the City Clerk.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

\*For a specific procurement, you must exclude from bidding or proposal submission any vendors who have been involved in development of the procurement. For example, you must not accept bids or proposals from vendors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement.

## 6. Noncompetitive Proposal Process (Sole Source)

The Noncompetitive Proposal process will be followed any time Federal grant funds are used by City departments to purchase goods or services through solicitation of a proposal from only one source.

1. Departments shall establish need for purchase, specifications, and identify sources.
2. The department shall have a full understanding of the applicable Federal regulations before proceeding with the Noncompetitive Proposal.
3. The department head must deem the use of this option the proper way to proceed based on at least one of the four below qualifying circumstances.
  - a. The item is exclusive to a single source and is available only from a single source.
  - b. The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation.
  - c. The Federal awarding agency or pass-through entity expressly authorizes Noncompetitive Proposals in response to a written request from the City.
  - d. After solicitation of a number of sources, competition is determined inadequate.
4. All Noncompetitive Proposals by City departments using Federal grant funds must comply with the City's purchasing procedures (Resolution No. [2327-2469](#) as may be amended or replaced).
5. A City of Marysville Sole Source [Justification](#) form must be completed once the determination is made that a Noncompetitive Proposal is the method of procurement. All sections of the document must have a response listed and clearly define why this is a sole source.
6. The department will print documentation from the System for Award Management (SAM.gov) site to show that the vendor is not an "Excluded Vendor." A copy of such documentation shall be forwarded to the Clerk with the contract routing sheet to be kept in the contract file held by the Finance Department.
7. The department will develop a documentation folder for all Competitive Proposals for use by the Finance Department to meet performance reporting requirements and audit needs.

\*At no time will the policy listed herein supersede the Federal regulations applicable to the grant. The City department receiving funds is responsible for reading and understanding the requirements of the grant and ensuring compliance for all purchases.

\*Do not test equipment for a period of time and then determine that a sole source designation is required due to your testing. Testing equipment may be done following a competitive procurement process. This allows for fair and open competition.

\*For a specific procurement, you must exclude from bidding or proposal submission any vendors who have been involved in development of the procurement. For example, you must not accept bids or proposals from vendors who have developed or drafted specifications, requirements, statements of work, and/or requests for proposals for the procurement.

\*Costs or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E—Cost Principles of 2 CFR § 200. The City may reference its own cost principles that comply with the Federal cost principles.

## Single Audit Act

The city, as a recipient of Federal funds, shall adhere to the Federal regulations outlined in 2 CFR § 200.501 as well as all applicable Federal and State statutes and regulations.

## Project/Grant Closure

A project agreement end date will be established in accordance with 2 CFR § 200. Any costs incurred after the project agreement end date are not eligible for Federal reimbursement.

## Code of Conduct

City staff involved in the procurement of goods and services with Federal grant funds shall have a full understanding of the Federal awarding agency's conflict of interest policies applicable to the award.

No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Potential conflict of interest includes employees' family, partner, and other employers.

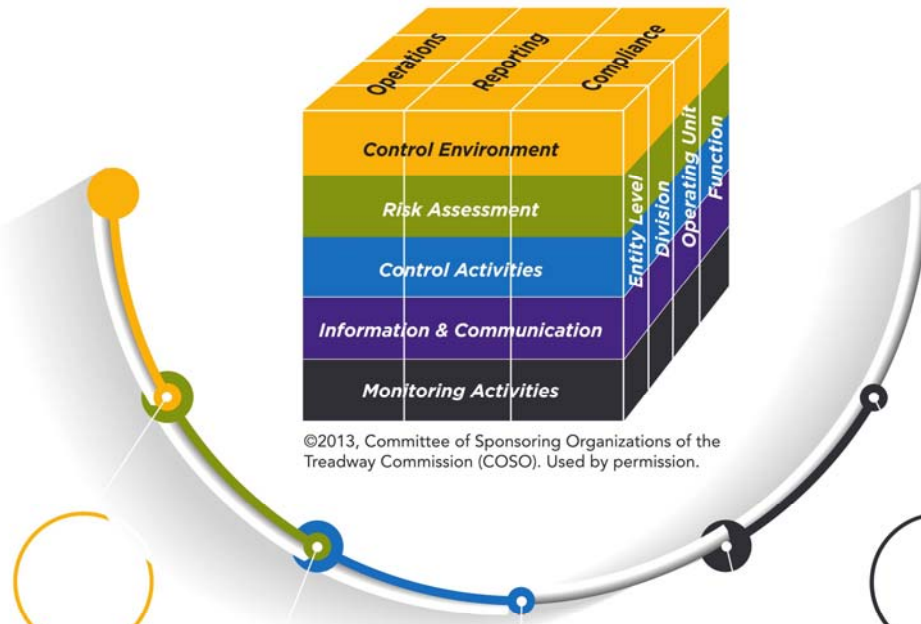
City staff involved in the procurement of goods and services with Federal grant funds must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

City staff involved in the procurement of goods and services with Federal grant funds must comply with State law and the City's Code of Ethics, codified in chapter 2.80 of the Marysville Municipal Code. violation of these standards may cause penalties, sanctions or other disciplinary actions to be taken against the City of Marysville's elected officials, employees or agents, or the contractors, potential contractors, subcontractors or their agents.

City staff involved in the procurement of goods and services with Federal grant funds must take reasonable measures to safeguard protected, personally identifiable information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

City staff involved in the procurement of goods and services with Federal grant funds may not accept gratuities, favors, or anything of monetary value from contractors or ~~parties to~~ subcontractors.

# COSO Internal Control — Integrated Framework Principles



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## Control Environment

- 1 The organization demonstrates a commitment to integrity and ethical values.
- 2 The board of directors demonstrates independence from management and exercises oversight of the development and performance of internal control.
- 3 Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- 4 The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- 5 The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives.

## Risk Assessment

- 6 The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.
- 7 The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.
- 8 The organization considers the potential for fraud in assessing risks to the achievement of objectives.
- 9 The organization identifies and assesses changes that could significantly affect the system of internal control.

## Control Activities

- 10 The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- 11 The organization selects and develops general control activities over technology to support the achievement of objectives.
- 12 The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

## Information & Communication

- 13 The organization obtains or generates and uses relevant, quality information to support the functioning of internal control.
- 14 The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.
- 15 The organization communicates with external parties regarding matters affecting the functioning of internal control.

## Monitoring Activities

- 16 The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.
- 17 The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

For more information about COSO, visit [coso.org](http://coso.org).

