



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

To: All Agency Directors

From: Eric R. Mens, CPP, CPPM *ERM*
Director, Procurement Services

Date: December 18, 2007

Subject: Policy No. 44, Richmond Supply Schedule Purchases

Reference: Purchasing Policies and Procedures Manual dated 09-01-02

1. Purchasing Policies and Procedures Manual dated 09-01-02 is out of date and needs substantial revision to bring the Manual into compliance with applicable State and City Codes and to incorporate current policies and procedures. Until the Manual can be rewritten, updated, coordinated, and issued, interim changes in procurement policies and procedures will be implemented through Memorandum issued to City Agencies and Departments.
2. As such, Policy No. 44 is hereby incorporated into referenced Manual. The attached policy implements the policies and procedures that must be followed to purchase goods or services under the Richmond Supply Schedule. This new policy No. 44:
 - (a) Defines terms such as "Fair and Reasonable," "Open Market," "Ordering Agency," "Ordering Officer," "Richmond Supply Schedule," "Using Agency;" and others;
 - (b) Incorporates pertinent City and Commonwealth Code requirements and references;
 - (c) Delineates responsibilities of "Ordering Agencies," "Using Agencies," and others;
 - (d) Details documentation requirements relating to purchases under the RSS; and
 - (e) Addresses record-keeping and reporting requirements.
3. Forms referenced in the attached will be available on the Procurement intranet website.
4. This change is effective December 21, 2007.

ATTACHMENT

NO. 44**RICHMOND SUPPLY SCHEDULE****44-1.0 References**

- (a) Chapter 74 of the Code of the City of Richmond (2004), as amended
- (b) Purchasing Policies and Procedures Manual dated 09-01-02

44-2.0 Definitions. For purposes of this regulation, the terms defined in this section have the meanings ascribed to them in this section unless the context clearly indicates that another meaning is intended.

44-2.1 “*Fair and Reasonable*” means the price point for a good or service that is fair to both parties involved in the procurement transaction at hand. This amount is based upon the agreed-upon conditions, promised quality, and timeliness of contract performance. A price may be determined to be “fair and reasonable” based upon competitive quotes received, comparison with prices obtained under previous procurements for like or similar items or services, or comparison with published catalog prices.

44-2.2 “*Open Market*” means the freely competitive marketplace for the purchase of goods or services. In the context of this regulation, “open market” means items that may be offered by Schedule contractors but are not listed their Schedule catalog or pricelist.

44-2.3 “*Ordering Agency*” means the Agency ordering the supplies or services. Orders may be placed by either the Using Agency or the Department of Procurement Services.

44-2.4 “*Ordering Officer*” means the individual responsible for acquiring goods or services. The individual may be assigned to the Ordering Agency or to the Department of Procurement Services.

44-2.5 “*Price Agreement (PG)*” means the procurement document used by the City’s Ordering Officer to place orders under the Richmond Supply Schedule. Under the Schedule, Ordering Officers are prohibited from issuing blanket agreements to vendors--that is, issuing open-ended (no defined delivery date) and undefined requirements (not using the appropriate National Institute of Governmental Purchasing (NIGP) Commodity Codes).

44-2.6 “*Request for Quotation (RFQ)*” means an invitation to a vendor to submit a price quotation for the supply of materials or performance of services. A response to an RFQ by a prospective contractor is not considered an offer, and consequently, cannot be accepted by the City to form a binding contract. The order is an offer by the City to the supplier to buy certain supplies or services upon specified terms and conditions. A contract is established when a supplier accepts the City’s offer.

44-2.7 “*Richmond Supply Schedule,*” “*Supply Schedule,*” or “*Schedule*” means contracts competitively awarded by the Department of Procurement Services for similar or

comparable supplies or services, established with more than one supplier, and at varying prices.

- 44-2.8** “*Scope of Work*” means a document that describes in detail the nature of the work and the work to be done. This includes any hardware and software involved. The Scope of Work is a component of the Statement of Work.
- 44-2.9** “*Small purchase threshold*” means the threshold for City procurements for goods or services for which formal competitive procurement procedures (for example, a Request for Proposal or Invitation for Bid) are not required. Purchases made at or below the small purchase threshold are based upon the lowest competitive quotation received. The small purchase threshold is \$50,000.
- 44-2.10** “*Statement of Objectives (SOO)*” means a document that describes the procurement’s basic overall objectives. The SOO does not tell companies “how to” provide a solution but rather allows them to provide innovative, cost-effective solutions to meet the stated objectives.
- 44-2.11** “*Statement of Work (SOW)*” means a comprehensive document that describes the procurement requirement. The Statement of Work consists of:

Scope of Work,
Place of Performance,
Period of Performance,
Schedule of Deliverables,
Standards for Compliance,
Inspection and Acceptance Criteria, and
Special Requirements (e.g., background checks, warranty, etc.).

- 44-2.12** “*Using Agency*” means any department, Agency, bureau, board, commission, court, city jail or jail forum, or other unit in the city government requiring goods or services.

44-3.0 Background.

- (a) The Richmond Supply Schedule program (RSS) is directed and managed by the Department of Procurement Services and provides City Agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. Indefinite delivery contracts are awarded to provide supplies and services at stated prices for given periods of time.
- (b) Richmond Supply Schedule contracts require all Schedule contractors to publish an “Authorized Supply Schedule Pricelist” (pricelist). The pricelist contains all authorized supplies and services offered by a Schedule contractor. The pricelist provides Ordering Agencies with the necessary information for issuing purchase orders under the Schedule contract. The Schedule contractor is required to provide one copy of its pricelist to any Ordering Officer upon request

- (c) RSS contractors are also required to submit their Authorized Schedule Pricelist on commonly used electronic media in order for the pricelist to be made available to Ordering Agencies via the City's intranet. This will allow Ordering Agencies to obtain and compare prices electronically.
- (d) For more information or assistance regarding the Richmond Supply Schedule Program, review the following website:

<http://www.richmondgov.com/departments/procurement/SupplySchedule.aspx>.

- (e) For administrative convenience, an Ordering Agency may add items *not* included on the Richmond Supply Schedule (also referred to as "open market" items) to a RSS purchase order only if the following conditions apply:
 - (1) For requirements at or below the small purchase threshold, as practicable, quotes are solicited from at least three firms holding Schedule contracts, including at least one minority business or emerging small business (City Code 74-41). Quotes shall be kept with the procurement file.
 - (2) The Ordering Agency has determined the price for the "open market" items to be "fair and reasonable."
 - (3) The items are clearly labeled on the order as "Open Market" items.
 - (4) All clauses applicable to items not included on the Richmond Supply Schedule are incorporated in the order.

44-4.0 Policy. Procedures in this section apply to individual orders for supplies or services placed against Schedule contracts.

- (a) *General.* All contracts awarded under the RSS program have been competitively solicited and negotiated. Therefore, purchase orders placed against RSS contracts are considered to be issued using full and open competition. When placing orders under Schedule contracts, Ordering Officers are *not* required to seek further competition outside of the Schedules.
- (b) *Use of Schedules.* Use of the Richmond Supply Schedule is mandatory.
- (c) *Prohibitions.* Ordering Officers are prohibited from issuing blanket agreements to vendors--that is open-ended (no defined delivery date) and undefined requirements (not using the appropriate NIGP Commodity Codes).
- (d) *Special Ordering Procedures.* The Department of Procurement Services may establish special ordering procedures for a particular Schedule. In this case, such Schedule will specify the special ordering procedures. Unless otherwise noted,

special ordering procedures established for the RSS takes precedence over the procedures outlined in reference (b).

- (e) *Compliance with Laws and Regulations.* The Using Agency is responsible for ensuring compliance with any regulatory and statutory requirements applicable to that Agency for which the order is placed. The Using Agency shall provide the information on the applicable regulatory and statutory requirements to the Ordering Officer responsible for placing the order.
- (f) *Acquisition planning.* Orders placed under a Schedule contract:
 - (1) Are not exempt from any requirement that may exist for the development of acquisition plans and an information technology acquisition strategy, and
 - (2) Must, whether placed by the Ordering Officer or on behalf of the Ordering Agency, be consistent with the Ordering Officer's statutory and regulatory requirements applicable to the acquisition of the supply or service.
- (g) *Pricing.* Supplies offered on the Schedule are listed at fixed prices. Services offered on the Schedule are priced at either hourly rates or at a fixed price for performance of a specific task (e.g., installation, maintenance, repair, etc.). The Department of Procurement Services has already determined Schedule prices to be "fair and reasonable" (see also Reference (b), Policy 20, Value Analysis). Except for "open market" items, Ordering Officers are not required to make a separate fair and reasonable determination. However, Ordering Agencies are encouraged to seek additional discounts before placing an order.

44-5.0 Procedures. Ordering Officers shall use the procedures of this section when placing an order for supplies or services. The procedures in this section apply to all Schedules and all orders placed under such Schedules.

44-5.1 Ordering procedures for supplies and services not requiring a Statement of Work.

- (a) Ordering Officers shall use the procedures of this subsection when ordering supplies and services that are listed in the Schedule contracts at a fixed price for the performance of a specific task, where a Statement of Work (SOW) is not required (e.g., installation, maintenance, and repair).
- (b) *Orders at or below the small purchase threshold.* Ordering Activities may place orders at, or below, the small purchase threshold with any Richmond Supply Schedule contractor that can meet the Agency's needs. Ordering Officers should attempt to distribute orders among contractors on the same Schedule.
- (c) *Orders exceeding the small purchase threshold.*

- (1) Before placing an order, an Ordering Agency shall consider reasonably available information about the supply or service offered under RSS contracts by surveying at least three Schedule contractors using either the RSS Authorized Pricelist catalogs or through Starnet, the Department of Procurement Services' intranet site.
- (2) In addition to price, the Ordering Officer may consider other factors, such as:
 - (i) Contractor past performance,
 - (ii) Special features of the supply or service (i.e., functionality) required for effective program performance,
 - (iii) Trade-in considerations,
 - (iv) Probable life of the item selected as compared with comparable items,
 - (v) Warranty considerations,
 - (vi) Maintenance availability and/or frequency,
 - (vii) Environmental and energy efficiency considerations, and
 - (viii) Delivery terms.
- (d) *Minimum documentation.* The Ordering Officer shall document:
 - (1) The Schedule contracts considered, noting the contractor from which the supply or service was purchased,
 - (2) A description of the supply or service purchased, and
 - (3) The amount paid.
 - (4) The data required in Section 44-5.2(e)(1), (2), and(3) may be documented on the City of Richmond Request for Quotation form (FAX Back Quote Sheet) found under "Forms" on the Starnet intranet site.

44-5.2 Ordering procedures for services requiring a Statement of Work.

- (a) *General.* Ordering Officers shall use the procedures in this subsection when ordering services priced at hourly rates as established by the Schedule contracts. The applicable services will be identified as such in the Richmond Supply Schedule publications and the contractor's pricelists.
- (b) *Statements of Work.* All SOWs shall include the work to be performed; location of work; period of performance; Schedule of Deliverables; applicable performance standards; and any special requirements (e.g., travel, special knowledge, etc.). To the maximum extent practicable, Agency requirements shall be performance-based statements.
- (c) *Request for Quotation procedures.* The Ordering Officer must provide the Request for Quotation (RFQ), which includes the SOW and evaluation criteria

(e.g., experience and past performance), to Schedule contractors that offer services that will meet the Agency's needs.

- (1) *Orders at, or below, the small purchase threshold (Richmond City Code § 74-41).* The Ordering Officer shall develop an SOW and may place orders at, or below, the small purchase threshold with any Schedule contractor that can meet the Agency's needs. The Ordering Officer should attempt to distribute orders among contractors providing similar services.
- (2) *For orders exceeding the small purchase threshold (Richmond City Code § 74-41):*
 - (i) The Ordering Officer shall develop an SOW or Statement of Objectives (SOO) that clearly and concisely outlines the Agency requirements.
 - (ii) The Ordering Officer shall provide the RFQ (including the SOW and evaluation criteria) to at least three Schedule contractors that offer services that will meet the Agency's needs. When determining the appropriate number of additional Schedule contractors, the Ordering Officer may consider, among other factors, the complexity, scope, estimated value of the requirement, staffing needs, and market research results.
 - (iii) The Ordering Officer should request that contractors submit firm-fixed prices to perform the services identified in the SOW.
 - (iv) Agency Ordering Officers shall provide the RFQ (including the SOW and the evaluation criteria) to Procurement Services for posting on the Procurement Department's website.
- (3) The Ordering Officer shall provide the RFQ (including the SOW and the evaluation criteria) to any Schedule contractor who requests a copy.
- (d) *Evaluation.* The Ordering Officer shall evaluate all responses received using the evaluation criteria provided to the Schedule contractors. The Ordering Officer is responsible for considering the level of effort and the mix of labor proposed to perform a specific task being ordered and for determining that the total price is fair and reasonable. The Ordering Agency shall place the order with the Schedule contractor that represents the best overall value to the City (See Section 44-5.1(c)(2)). After the order is placed with the successful contractor, if an unsuccessful offeror requests information on an award that was based on factors other than price alone, Ordering officers shall provide a brief explanation of the basis for the decision.
- (e) *Minimum documentation.* The Ordering Officer shall document the procurement file as follows:

- (1) The Schedule contracts considered, noting the contractor from which the service was purchased,
- (2) A description of the service purchased,
- (3) The total amount of the order,
- (4) The evaluation methodology used in selecting the contractor,
- (5) The rationale for any tradeoffs in making the selection,
- (6) The price reasonableness determination required by paragraph (d) of this subsection, and
- (7) The rationale for using other than:
 - (i) A firm fixed-price order or
 - (ii) A performance-based order.

44-5.3 Price reductions. Ordering Officers should seek a price reduction when the supply or service is available elsewhere at a lower price or when purchasing in large quantities (which offer the potential for greater discounts). Schedule contractors are not required to pass on to all Schedule users a price reduction extended only to an individual Ordering Officer for a specific order.

44-5.4 Minority Business Enterprises/Emerging Small Businesses. Orders placed against Schedule contracts may be credited toward the Ordering Agency's MBE/ESB business goals, if such goals have been established. At a minimum, Ordering Officers should consider whenever placing a purchase order under a Schedule contract, at least one certified MBE/ESB business, if available. Information on MBE/ESB certified firms can be found at the Office of Minority Business Development website:

<http://www.richmondgov.com/applications/mbebusinessdirectory/index.asp>

44-6.0 Ordering Agency Responsibilities.

44-6.1 *Placing Orders.* Ordering Activities must place orders on a Price Agreement (PG) form. The Ordering Agency shall place an order directly with the contractor in accordance with the terms and conditions of the pricelists (Section 44.3(a)-(c)). Prior to order placement, the Ordering Agency shall ensure that the regulatory and statutory requirements of the Using Agency have been applied. Orders shall include the following information in addition to any information required by the Schedule contract:

- (1) Complete shipping and billing addresses
- (2) Contract number and date

- (3) Price Agreement (PG) number
- (4) F.O.B. delivery point; *i.e.*, origin or destination
- (5) Discount terms
- (6) Delivery time or period of performance
- (7) NIGP Code and National Stock Number (NSN)
- (8) A Statement of Work for services, when required, or a brief, complete description of each item (when ordering by model number, features and options such as color, finish, and electrical characteristics, if available, must be specified)
- (9) Quantity and any variation in quantity
- (10) Number of units
- (11) Unit price
- (12) Total price of order
- (13) Points of inspection and acceptance
- (14) Other pertinent data; *e.g.*, delivery instructions or receiving hours and size-of-truck limitation
- (15) Marking requirements
- (16) Level of preservation, packaging, and packing
- (17) Contact information for the Ordering Agency (*e.g.*, name, telephone number)

44-6.2 Inspection and acceptance.

(a) Supplies.

- (1) Ordering Agencies shall inspect supplies at destination except when—
 - (i) The Schedule contract indicates that mandatory source inspection is required by the Department of Procurement Services; or
 - (ii) A Schedule item is covered by a product description and the Ordering Officer determines that the Department of Procurement Services inspection assistance is needed (based on the ordering volume, the complexity of the supplies, or contractor past performance).
- (2) When the Department of Procurement Services performs the inspection, the Ordering Officer will provide two copies of the order specifying source inspection to the Department of Procurement Services. The Department of Procurement Services will notify the Ordering Officer of acceptance or rejection of the supplies.
- (3) Material inspected at source by the Department of Procurement Services and determined to conform to the product description of the Schedule shall not be reinspected for the same purpose. The Ordering Agency shall limit inspection to kind, count, and condition on receipt.

(4) Unless otherwise provided in the Schedule contract, acceptance is conclusive except as regards to latent defects, fraud, or such gross mistakes as amount to fraud.

(b) *Services.* The Ordering Officer has the right to inspect all services in accordance with the contract requirements and as called for by the order. The Ordering Officer shall perform inspections and tests as specified in the order's quality assurance surveillance plan in a manner that will not unduly delay the work.

44-6.3 Default.

(a) If the contractor fails to deliver the goods or services ordered under a Schedule contract, the City may be able to pursue remedial action against the Schedule contractor (refer Section 6.1 of the Schedule contract).

(b) The Ordering Officer shall notify the Director of Procurement Services promptly in writing to enable the pursuit of appropriate remedial action.

44-6.4 Disputes pertaining to the terms and conditions of Schedule contracts. The Ordering Officer shall refer all disputes that relate to the contract terms and conditions in writing to the Schedule contracting officer for resolution under the Disputes clause of the contract and notify the Schedule contractor of the referral.