



CITY OF RICHMOND

INTRACITY CORRESPONDENCE

To: All Agency Directors

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

Date: February 18, 2009

Subject: Policy No. 44, Richmond Supply Schedule Purchases (Revision 1)

1. Policy No. 44, issued December 18, 2007, applies to the purchase of goods or services under Richmond Supply Schedule (RSS) contracts. This Revision 1 to Policy No. 44 makes the changes discussed below.

(a) The second sentence of Section 44-2.5, "*Price Agreement (PG)*", is operational (not definitional) in nature and is removed in its entirety. The new Section reads as follows:

"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."

(b) Section **44-4.0 Policy**, paragraph (c), is revised to read as follows:

"(c) *Prohibitions*. Except as requested by the Using Agency in writing and approved by the Director of Procurement Services on a case-by-case basis in writing, Ordering Officers are prohibited from issuing blanket agreements to vendors. A blanket purchase agreement is open-ended agreement with no defined delivery date and with undefined requirements (e.g., not using the appropriate NIGP Commodity Codes)."

(c) In order to ensure that RSS contract prices remain competitive, a new Section 44-6.5 is added as follows:

"44-6.5 Price Reasonableness Determination. Prior to exercising any RSS contract renewal, the Department of Procurement Services will perform an in-depth price analysis to determine price reasonableness. The analysis will be based upon a "market basket" approach. Items frequently purchased by the City are included in the market basket. Prices for these items are compared against similar market basket items available from Federal Supply Schedule contracts and from eVA. Prices will also be compared to prices for the same product available from other RSS contractors."

(d) In order to ensure that Using Agencies are using the RSS contracts appropriately, a new Section 44-6.6 is added as follows:

"44-6.6 RSS Compliance Reviews. In order to ensure that the RSS contracts are being used in accordance with the policies and procedures prescribed herein, the Department of Procurement Services will conduct a quarterly compliance review concerning the use of RSS contracts by Using Agencies. The review will focus on transaction volumes and total expenditures associated with each vendor. Review results will be made available to the Director of Procurement Services for appropriate action if any Using Agency is found to be in non-compliance with this regulation."

2. This change is effective immediately upon dissemination.