



CITY OF CHESAPEAKE
PURCHASING POLICIES AND
PROCEDURES MANUAL





PROCUREMENT POLICIES AND PROCEDURES

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Mission Statement

The Purchasing Division is committed to the fair, equitable and timely acquisition of goods, services and construction for the City of Chesapeake. Using technology, competition, and best practices, we strive to bring the greatest value to the City and its residents in an efficient and cost-effective manner.

Vision Statement

To contribute ethically, quantitatively, and qualitatively to the strategic goals of the City of Chesapeake by employing technology and best practices to achieve efficiency, transparency, cost savings, and fairness in the City's procurement processes.

1.0 GENERAL PROVISIONS

1.1 Authority, Purpose and Application

1.1.1 Authority

The acquisition of supplies, equipment and services necessary for the daily operations of the City is the responsibility of the Purchasing Division, operating under the direct supervision of the City Manager or designee.

The Purchasing Division is responsible for administering the City's public procurement, as approved by the City Council, and establishing best practices for Purchasing Policies and Procedures. Under this centralized procurement program, the Procurement Administrator is recognized as the City's Chief Procurement Officer with the responsibility and authority of overseeing contract administration and procurement of goods, services and construction. Only the City Manager, Procurement Administrator, City Attorney or their designees shall have the authority to execute contracts for the procurement of goods, services or construction. To which, occasionally the City Attorney signs contracts, as deemed necessary. Thus all persons appointed authority within the procurement process have the combined responsibility of promoting the best interests of the City of Chesapeake, while maintaining fair and open competition.

1.1.2 Purpose

The Procurement Division reports directly to the City Manager or designee. The Procurement Administrator is appointed by the City Manager and shall promulgate City policies and procedures for all procurements and for the disposal of excess or surplus equipment and supplies, consistent with policies and procedures herein. The underlying purposes and policies of this manual are:

1. To simplify, clarify, and modernize the procedures governing procurement by the City;
2. To make as consistent as possible the procurement regulations among the various Departments/Divisions;
3. To provide for increased public confidence in the procedures followed in public procurement;
4. To ensure the fair and equitable treatment of all persons who deal with the procurement system in the City;

5. To provide increased economy in procurement activities and to maximize to the fullest extent practicable the purchasing value of public funds;
6. To foster effective broad-based competition;
7. To maintain safeguards for the quality and integrity of the procurement system;
8. To continually obtain a cost effective and responsive method for materials, services, and construction required by City departments in order for those departments to better serve the citizens and businesses of the City of Chesapeake.

1.1.3 Application

The procedures and regulations contained herein apply to every expenditure of authorized appropriated public funds for procurement purposes, except as otherwise specified.

1.2 Facilitating Procurement Opportunities for Small and Diverse Businesses

- A. It is in the best interests of the City to maximize participation in City procurement processes and to provide opportunities for participation by diverse vendors. The Purchasing Division will facilitate the participation of small businesses and businesses owned by women, minorities and service disabled veterans in procurement transactions with the City, in accordance with the Virginia Public Procurement Act ("VPPA"), Code of Virginia§ 2.2-4310. The City of Chesapeake encourages the participation of Small, Women and Minority (SWAM) and Disadvantaged Business Enterprises (DBE) vendors.
- B. As used in this section:
 1. "Employment services organization" means an organization that provides community-based employment services to individuals with disabilities that is an approved Commission on Accreditation of Rehabilitation Facilities (CARF) accredited vendor of the Department for Aging and Rehabilitative Services.
 2. "Minority individual" means an individual who is a citizen of the United States or a legal resident alien and who satisfies one or more of the following definitions:

a. "African American" means a person having origins in any of the original peoples of Africa and who is regarded as such by the community of which this person claims to be a part.

b. "Asian American" means a person having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands, including but not limited to Japan, China, Vietnam, Samoa, Laos, Cambodia, Taiwan, Northern Mariana Islands, the Philippines, a U.S. territory of the Pacific, India, Pakistan, Bangladesh, or Sri Lanka and who is regarded as such by the community of which this person claims to be a part.

c. "Hispanic American" means a person having origins in any of the Spanish-speaking peoples of Mexico, South or Central America, or the Caribbean Islands or other Spanish or Portuguese cultures and who is regarded as such by the community of which this person claims to be a part.

d. "Native American" means a person having origins in any of the original peoples of North America and who is regarded as such by the community of which this person claims to be a part or who is recognized by a tribal organization.

3. "Minority-owned business" means a business that is at least 51 percent owned by one or more minority individuals who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more minority individuals, or any historically black college or university as defined in § 2.2-1604, regardless of the percentage ownership by minority individuals or, in the case of a corporation, partnership, or limited liability company or other entity, the equity ownership interest in the corporation, partnership, or limited liability company or other entity.

4. "Service disabled veteran" means a veteran who (i) served on active duty in the United States military ground, naval, or air service, (ii) was discharged or released under conditions other than dishonorable, and (iii) has a service-

connected disability rating fixed by the United States Department of Veterans Affairs.

5. "Service disabled veteran business" means a business that is at least 51 percent owned by one or more service disabled veterans or, in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more individuals who are service disabled veterans and both the management and daily business operations are controlled by one or more individuals who are service disabled veterans.

6. "Small business" means a business, independently owned and controlled by one or more individuals who are U.S. citizens or legal resident aliens, and together with affiliates, has 250 or fewer employees, or annual gross receipts of \$10 million or less averaged over the previous three years. One or more of the individual owners shall control both the management and daily business operations of the small business.

7. "Women-owned business" means a business that is at least 51 percent owned by one or more women who are U.S. citizens or legal resident aliens, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are U.S. citizens or legal resident aliens, and both the management and daily business operations are controlled by one or more women.

C. Nondiscrimination and Inclusivity:

1. Orders and/or Solicitations shall not be split or favoritism shown to any vendor selection.

2. In the solicitation or awarding of contracts, the City shall not discriminate against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, status as a service disabled veteran, or any other basis prohibited by state law relating to discrimination in employment.

3. Whenever solicitations are made, the City shall include businesses selected from a list made available by the Department of Small Business and Supplier

Diversity, which list shall include all companies and organizations certified by the Department.

D. Monitoring, Analysis, and Reporting of Participation in Procurement.

In addition to the above, the Purchasing Division shall:

1. Monitor, analyze and report to the City Manager, or designee, the participation of small businesses and businesses owned by women, minorities and service disabled veterans in City contracts and subcontracts.

2. In cooperation with the Department of Economic Development, create awareness of the benefits of working with small businesses and businesses owned by women, minorities and service disabled veterans through outreach, marketing, education and training.

3. Focus on continued identification of small businesses and businesses owned by women, minorities and service disabled veterans.

4. Audit and review purchases made under delegated authority for compliance.

E. To locate qualified vendors, assistance is available from:

1. Virginia Department of Small Business and Supplier Diversity (SBSD) for which a link is provided on the City's website;
2. The Yellow Pages under the appropriate heading for supplies needed;
3. Internet;
4. GSA Schedule 70 (for information Technology) and 84 (for Security and Law Enforcement);
5. Procurement Specialist in the Purchasing Division; or
6. For transportation contracts with federal funds subject to Disadvantage Business Enterprise goals, SBSD and Small Business Transportation Resource Centers.

2.0 Definitions of Terms

The words defined in this Section shall have the meanings set forth below whenever they appear in this Policies and Procedures Manual, unless the context in which they are used clearly requires a different meaning, or a different definition is prescribed for a particular section or provision.

Best and Final Offer (BAFO) The last offer provided by an offeror in response to a Request for Proposals.

Best Value As predetermined in the solicitation, means the overall combination of quality, price and various elements of required services that in total are optimal relative to a department's needs.

Bid A competitively priced offer made by an intended seller, usually in reply to an Invitation for Bids (IFB). May also mean a price offer made at a public auction.

Bidder One who submits a competitively priced offer in response to an Invitation for Bids (IFB). May also mean one who makes a price offer at a public auction.

Bid Bond An indemnity agreement in which a third party agrees to be financially liable to pay a certain amount of money in the event a selected bidder fails to accept the contract as bid.

Bid Deposit A certified check or cash escrow deposited by a bidder as an agreement in which the bidder agrees to be financially liable to pay a certain amount of money in the event the bidder fails to accept the contract as bid.

Business Any type of corporation, partnership, limited liability company, association, or sole proprietorship operated for profit or nonprofit.

Change Order A written order signed by the City Manager or designee or Procurement Administrator, directing the contractor to make changes to the Purchase Order or Contract.

City The City of Chesapeake, Virginia, including City Council and all officers, officials, departments, directorates, boards, agencies, commissions and committees appointed or created by City Council, but specifically excluding those bodies which under state law are designated as separate political bodies, and further excluding the City's constitutional officers.

Competitive Bidding The offer of firm bids by individuals or firms competing for a contract, privilege, or right to supply specified services or goods.

Construction The process of building, altering, repairing, improving or demolishing any public structure, building or highway and any draining, dredging, excavation, grading or similar work upon any real property.

Consultant Services The advice or assistance of a purely advisory nature provided for a predetermined fee by an outside individual, firm, or organization under contract to the City. Consultants provide information, assistance, and guidance of a purely advisory nature, usually in the form of a report or other deliverable, setting forth alternative courses of action and recommendations based on the expertise of the consultant.

Contract Any type of agreement, regardless of what it may be called, for the purchase or disposal of supplies, services or construction. It includes contracts of a fixed price, cost, leases, letter contracts and purchase orders. It also includes supplemental agreements with respect to any of the foregoing.

Contract Administration - The management of all facets of a contract to assure the Contractor's total performance is in accordance with the contractual commitments and that the obligations of the Contractor under the terms and conditions of the contract are fulfilled.

Contract, Cost-Plus-A-Percentage-Of-Cost A form of contract which provides for a fee or profit at a specified percentage of the contractor's actual cost of accomplishing the work.

Contract, Design-Build A contract between the City and another party in which the party contracting with the City agrees to both design and build the structure, roadway or other item specified in the contract.

Contract, Fixed Price A contract that provides for a firm unit or total price to be established at the time of order placement or contract award. The contractor bears the full risk for profit or loss.

Contract, Fixed Price, Incentive A fixed price is agreed upon with a target cost/profit, a ceiling price, and a profit formula. Below target, the contractor and City share savings. Above ceiling, the contractor must assume all costs.

Contract, Fixed-Price with Escalation/De-escalation A fixed price type of contract that provides for the upward and downward revision of the stated contract price upon the occurrence of certain contingencies (such as fluctuations in material costs and labor rates) specifically defined in the contract.

Contract Management The management of the City's contracts and contract-related activities which may include accounting, administration, auditing, grants management, law, negotiation, logistics, price-structure compensation, delegation of purchasing authority, program management, termination and other business activities.

Contract Modification Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract accomplished by mutual action of the parties to the contract.

Contract Officer, Purchase Officer, Procurement Specialist, Buyer: A City employee whose primary assignment is purchasing goods or services.

Contract, Requirements Type A form of contract covering long-term requirements used when the total quantity required cannot be definitely fixed, but can be stated as an estimate

or within maximum and minimum limits, with deliveries on demand. Such contracts are usually for one year or more in duration. Such contracts may also be referred to as "on call" or "indefinite delivery/indefinite quantity" (ID/IQ).

Contract, Service - A contract for work to be performed by an independent contractor wherein the service rendered does not consist primarily of the acquisition of equipment or materials, or the rental of equipment, materials and supplies.

Contract, Time and Material A contract providing for the procurement of supplies or services on the basis of direct labor hours at specified fixed hourly rates (which include direct and indirect labor, overhead, and profit) and material at cost, or at some bid percentage discount from manufacturer's catalog or list prices.

Contractor Any person or business having a contract with the City.

Cooperative Procurement A procurement by a public body with one or more other public bodies, for the purpose of combining requirements for the purchase of like goods and/or services in order to increase efficiency and/or reduce administrative expenses. A public body may purchase from another public body's contract even if it did not participate in the request for proposal or invitation to bid, if the request for proposal or invitation to bid specified that the procurement was a cooperative procurement being conducted on behalf of other public bodies.

Cure Notice An official notice in writing, which informs the Contractor that he or she is in default and states what the Contractor has to do to correct the deficiency.

Data Recorded information, regardless of form or characteristic.

Default The failure to comply with the requirement of the terms and/or conditions of a contract.

Dependent Any person, whether or not related by blood or marriage, who receives from the officer or employee, or provides to the officer or employee, more than one-half of his or her financial support.

Designee A duly authorized representative selected to carry out a duty or role, and act within the limits of the delegator's authority.

Electronic Electrical, digital, magnetic, optical, electromagnetic or any other similar technology.

Employee An individual drawing a salary from a governmental body, and any non-compensated individual performing services for any governmental body. It also includes any employee of vendors/bidders/offerors and City of Chesapeake, its agents or assigns.

Employment services organization An organization that provides employment services to individuals with disabilities that is an approved Commission on the Accreditation of

Rehabilitation Facilities (CARF) accredited vendor of the Department for Aging and Rehabilitative Services.

Surplus supplies or Excess supplies Any supplies no longer having any use to the City. This includes obsolete supplies, materials and nonexpendable supplies that have completed their usual, useful life cycle.

Financial interest:

- a. Ownership of any interest or involvement in any relationship from, or as a result of which, a person within the last year has received, is presently, or in the future may receive any financial benefit.
- b. The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as: an officer, director, trustee, partner of the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five percent.
- c. Holding a position in a business, such as any officer, director, trustee, partner, employee or similar position, or holding any position of management.

Fiscal Year The 12-month period used for accounting purposes. The City's fiscal year is from July 1 through June 30.

Formal Bid A bid which is submitted in a sealed envelope to be opened in public at a specified date and time.

Functional Equivalence or Equivalent Goods or services that may be determined to be the equivalent of the specified product or service specified, considering functionality, quality, workmanship, economy of operation and compatibility and suitability for the use and purpose intended shall be accepted. Purchasing shall analyze departments' specification requirements with a view towards soliciting the requirements on a functional equivalent or equivalent basis.

Goods All material, equipment, supplies, printing, and automated data processing hardware and software.

Grant or Grant-in-Aid Fund transfers made by one party to another (e.g., Federal to state or local government) for the procurement of goods and/or services, that may be undertaken for the purpose of a public interest, benefit, or undertaken, as specified under the terms of the agency granting the use of funds.

Immediate Family Member (i) a spouse and (ii) any other person residing in the same household as the officer or employee, who is a dependent of the officer or employee or of whom the officer or employee is a dependent.

Indefinite Delivery/Indefinite Quantity (ID/IQ) A type of contract that provides for the delivery of indefinite quantities, of supplies or services to be supplied or performed on a nonrecurring basis during a fixed period. See also **Contract, Requirements Type**.

Informal Solicitation A competitive process that does not require a formal sealed bid or proposal, public opening or other formalities.

Informality A minor defect or variation of a bid or proposal from the exact requirements of the invitation to bid, or the request for proposal, which does not affect the price, quality, or delivery scheduled for the goods, services or construction being procured.

Information Technology: Service and goods including telecommunications, automated data processing, databases, the Internet, management information systems, and related records or information management and equipment.

Invitation for Bids (IFB) A document, containing or incorporating by reference the specifications or scope of work and all contractual terms and conditions, which is used to solicit written bids for a specific requirement for goods or nonprofessional services. This type of solicitation is also referred to as an Invitation to Bid or Competitive Sealed Bidding.

Job Order Contracting A method of procuring construction by establishing a book of unit prices and then obtaining a contractor to perform work as needed using the prices, quantities, and specifications in the book as the basis of its pricing. The contractor may be selected through either competitive sealed bidding or competitive negotiation depending on the needs of the public body procuring the construction services. A minimum amount of work may be specified in the contract. The contract term and the project amount shall not exceed the limitations specified in § 2.2-4303.2 of the Code of Virginia (1950) as amended.

Joint Procurement A procurement by a public body with one or more other public bodies, for the purpose of combining requirements for the purchase of like goods and/or services in order to increase efficiency and/or reduce administrative expenses. All authorized parties are involved in the procurement process and only those parties can participate in jointly purchasing from the contract. No other public bodies can purchase from the contracts as joint purchasers.

Late Bid or Proposal A bid or proposal which is received at the place designated in the Invitation for Bids or Request for Proposals after the deadline established by the solicitation.

Negotiations A bargaining process between two or more parties, seeking to reach an agreement, or settlement of, a matter of common concern, on terms that are mutually beneficial and satisfactory to both.

Nonprofessional Services Any services not specifically identified as professional services in the definition of professional services.

Notice of Award A written notification stating that a vendor has received an award by the City.

Notice of Intent to Award A written notice, or bid tabulation sheet publicly displayed, prior to award, that shows the selection of a vendor for the award of a specific contract or purchase order.

Offeror A person who makes an offer in response to a Request for Proposals.

Payment Bond A bond required of a contractor to assure fulfillment of the contractor's obligation to pay all persons supplying labor or materials in the performance of the work provided for in the contract.

Performance Bond A bond of a contractor/vendor in which a surety guarantees to the City that the work/services will be performed in accordance with the contract documents and may, in the discretion of the City, include a letter of credit issued by a financial institution.

Pre-bid or Preproposal Conference A meeting held with prospective bidders or offerors prior to submission of bids or proposals, to review, discuss, and clarify technical considerations, specifications, and standards relative to the proposed procurement.

Prequalification A procedure to prequalify products or vendors and limit consideration of bids or proposals to only those products or vendors which have been prequalified.

Procurement The process for obtaining goods or services, including activities from the planning steps and preparation and processing of a requisition, through receipt and acceptance of delivery and processing of a final invoice for payment.

Procurement Administrator, The employee appointed by the city manager, or designee, to have the duties and responsibilities set forth in this chapter, as well as such other duties and responsibilities as the city manager, or designee, may assign. For purposes of this chapter, the term "procurement administrator" is used generally, and the city manager, or designee, shall determine the appropriate classification title, description and assignment to salary grade for, and shall provide for supervision and evaluation of, such procurement administrator.

Procurement Transaction All purchasing functions that pertain to the obtaining of any goods, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Professional Services Work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscaping architecture, law, medicine, optometry, pharmacy, or professional engineering.

Proposal An offer made by one party to another as a basis for negotiations, prior to the creation of a contract.

Proprietary Specification A specification that restricts the acceptable products to those of one or more specified manufacturers.

Protest A written complaint about an administrative action or decision brought by a bidder or offeror to the Procurement Administrator with the intention of receiving a remedial result.

Public Bid Opening The process of opening and reading bids at the time and place specified in the Invitation for Bids and in the presence of anyone who wishes to attend.

Public Notice The distribution or dissemination of information to interested parties using methods that are reasonably available. Such methods will often include publication in newspapers of general circulation, electronic or paper mailing lists and website(s) designated by the City and maintained for that purpose.

Purchasing Cycle The cycle time when a requirement has been identified or planned, to include the solicitation period, and the payment to the Supplier.

Purchase Order A document used by the City to execute a purchase transaction with a vendor. It serves as notice to a vendor that an award has been made and that performance can be initiated under the terms and conditions of the contract.

Regulation A statement by an authorized party on behalf of the City, having general or particular applicability and future effect, designed to implement, interpret or prescribe law or policy, or describing organization, procedure or practice requirements.

Request for Information (RFI) A document issued by the City requesting further information on goods or services available in the market which may satisfy the City's requirements.

Request for Proposals (RFP) All documents, including those attached or incorporated by reference, utilized for soliciting proposals.

Requisition A formal, documented request for goods or services.

Responsible Bidder or Offeror A person who has the capability, in all respects, to perform fully the contract requirements and the moral and business integrity and reliability which will assure good faith performance and who has been prequalified, if required.

Responsive Bidder A person who has submitted a bid which conforms in all material respects to the Invitation to Bid and to all requests made for information to confirm bidder's responsibility.

Sealed Bid A bid which has been submitted in a sealed envelope to prevent its contents from being revealed or known before the deadline for the submission and opening of all bids.

Services Any work performed by an independent contractor wherein the service rendered does not consist primarily of acquisition of equipment or materials, or the rental of equipment, materials and supplies

Shall/Must As used in specifications or requirements of an Invitation for Bid and/or a Request for Proposals (RFP), the terms "must" and "shall" identify requirements whose absence will have a major negative impact on the suitability of the proposed solution.

Should, May As used in specifications or requirements of an Invitation for Bid and/or a Request for Proposals, the terms "should" or "may" are highly desirable, and would be useful, but their absence will not have a large impact and they are not absolutely necessary.

Single Source A proprietary purchase where the product or service required is restricted to the manufacturer(s) stipulated. However, competition should be used if the proprietary goods or services are not sold exclusively by the manufacturer and are available from multiple suppliers, vendors or distributors.

Sole Source A product or service which is practicably available only from one source.

Solicitation An Invitation for Bids (IFB), a Request for Proposals (RFP), QuickQuote, Request for Quotations, telephone call, or any other document issued or inquiry made by the City to obtain bids or proposals for the purpose of entering into a contract

Specifications A clear, complete and accurate statement of the technical requirements descriptive of an item and/or services and if applicable, the procedures to be followed to determine if the requirements are met. Specification may describe the performance parameters which a supplier has to meet, or it may provide a complete design disclosure of the work or job to be done. It may include a description of any requirement for inspecting, testing or preparing a supply or service item for delivery.

Spot Purchase A one-time only purchase made in the open market. If it is under the small purchase threshold, it will be made in accordance with the applicable small purchase procedures. If it is over the small purchase threshold, it will be made by competitive sealed bidding or by an exception thereto authorized by law.

Surplus supplies Any supplies no longer having any use to the City. This includes obsolete supplies, scrap materials and nonexpendable supplies that have completed their usual, useful cycle.

SWAM The acronym for Small Women and Minority, includes small businesses, women-owned businesses and minority-owned businesses.

Technical Proposal An unpriced proposal which sets forth in detail that which a vendor proposes to furnish in response to a solicitation.

Technical Specifications Specifications that establish the material and performance requirements of goods and services.

Termination for Convenience The termination by the City Purchasing Division, at its discretion, of the performance of work in whole or in part and makes settlement of the contractor's claims in accordance with appropriate policy and procedures.

Termination for Default An action taken by the Purchasing Division to order to cease work under the contract, in whole or in part, because of the contractor's failure to perform in accordance with the contract's terms and conditions.

Total Value The total of all considerations (monetary and non-monetary) from all parties (public body, contractors and any third parties) for the initial period of the contract plus any possible renewal periods. If the total value is up to and including \$100,000, small purchase procedures apply. If the total value is over \$100,000, a decision must be made to use competitive sealed bidding (IFB) or competitive negotiations (RFP).

Using Department Any governmental body of the City which utilizes any supplies, services or construction procured under these regulations.

Value Analysis A systematic and objective evaluation of the value of a good or service, focusing on an analysis of function relative to the cost of manufacturing or providing the item or service. Value analysis provides insight into the inherent worth or the final good or service, possibly altering specification and quality requirements that could reduce cost without impairing functional suitability

Vendor One who sells goods or services to the City.

Vendors Manual That manual published under the authority of §2.2-1111 of *Code of Virginia*. Its purpose is to set forth rules and regulations applicable to the purchase of non-technology goods and nonprofessional services by the Commonwealth of Virginia.

Virginia Public Procurement Act Chapter 43 of Title 2.2, *Code of Virginia*, which enunciates the public policies and state law pertaining to governmental procurement from nongovernmental sources.

3.0 GENERAL PROCUREMENT FUNCTIONS

The primary function of the Purchasing Division is to procure supplies, materials, equipment, services, and construction required by the City; provide effective and efficient surplus property management, and to maximize to the fullest extent practical the purchasing value of public funds.

3.1 Specific Responsibilities, Duties and Functions include:

1. Develop purchasing objectives, policies, programs, and procedures for the purchase and contracting of all materials, supplies, equipment, and services.
2. Provide training in purchasing policies and procedures.
3. Act as the City's representative on all matters pertaining to purchasing and contracts.
4. Process all requisitions and review all specifications to assure they allow for open competition.
5. Purchase all supplies, materials, equipment, and contractual services required by the City.
6. Ensure that all purchases are made in compliance with applicable statutes, rules, regulations and policies.
7. Expedite the delivery of purchases as needed.
8. Assist departments in resolving problems with defective merchandise or the return of goods and to negotiate the return of merchandise and/or settlement (settlements will be with consultation with the City Attorney or designee).
9. Conduct research into existing and new methods of procurement.
10. Establish and maintain programs for inspection, testing, and acceptance of goods and services in cooperation with the departments.

11. Establish and maintain a program for the development and usage of standard specifications for materials, supplies, and equipment where practicable.
12. Assist departments in the preparation of specifications and technical requirements to be included in Invitations for Bids, Requests for Proposals, Request for Information and Requests for Quotations.
13. Consolidate the purchase of like or common items to obtain the maximum economic benefits and cost savings, and explore the possibilities of buying in bulk to take full advantage of quantity discounts.
14. Join with other governmental agencies in joint and cooperative purchasing agreements, purchase from Virginia State Contracts, the U.S. General Services Administration, and other governmental contracts when the best interest of the City would be served. Construction and related joint and cooperative purchase agreements shall require the approval of the City Manager and City Attorney, or their designees.
15. Keep informed of current developments in the field of purchasing, including but not limited to prices, market trends, and new products; and secure for the City the benefits of research conducted in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations, and private businesses and organizations.
16. Arrange for the disposal, bid, auction, or negotiation for the sale of surplus materials and equipment.
17. Promote good will and public relations between the City of Chesapeake and its suppliers. Encourage full and open competition wherever possible.
18. Administer the City's Procurement Card Program.
19. Facilitate procurement opportunities for small businesses owned by women, minorities and service disabled veterans and service organizations in procurement transactions.

3.2 Inter-Departmental Relations

Cooperation and understanding between departments is essential in the effective operation of the Purchasing Division. The Purchasing Division will establish and maintain close liaison with the departments in order to meet their purchasing needs and requirements.

To achieve these goals and to help clarify the requirements of a successful purchasing program, specific responsibilities are identified below.

3.3 User Department's Responsibilities

1. Write clear and accurate descriptions of services, materials and equipment to be purchased.
2. Verify that adequate funds have been appropriated and are still available in the unencumbered balance of the correct financial account. If funds are not available, the Department shall comply with required Budget Department and/or Finance Department budget transfer protocols to cover the expenditures.
3. Prepare technical specifications, or descriptions for goods and services requiring formal bidding.
4. Advise Purchasing of special projects or of special requirements in advance to avoid delays and to allow the Purchasing Division adequate time to schedule.
5. Allow sufficient time for the Purchasing Division to process the requisition and for the supplier to deliver.
6. Provide the Purchasing Division written documentation of any delivery or supplier problems, or complaints and contractor performance problems.
7. Lead in the technical evaluation of bids and proposal responses.
8. Advise the Purchasing Division of any qualified suppliers.

3.4 Vendor Relations

The City strives to develop effective relationships with vendors and encourage full and open competition wherever possible. All vendors are afforded equal opportunity to participate in public bidding. Vendors that request a debriefing after the award of a contract that they participated in may contact the Purchasing Division to schedule an appointment. The Procurement Administrator in his or her sole discretion may meet with the vendor to discuss their submitted bid or offer.

In addition, to avoid any perception of unethical behavior, the following procedures shall be adhered to:

1. All discussions with prospective vendors should be open and general in nature and shall not commit to preferences for any products, service or vendor, which might in any way compromise the City.
2. All initial correspondence pertaining to the procurement process prior to execution of a contract with vendors should be done through the Purchasing Division, except in special cases where the technical details involved, make it advisable to delegate authority to others. In such cases, prior approval must be authorized by the Purchasing

Division and the Purchasing Divisions must receive copies of any and all correspondence.

3. To ensure full and open competition, continuity of supply and availability of materials, new sources of supply are given due consideration. The City will buy from vendors who exhibit adequate financial strength, high ethical standards, and demonstrated record of adhering to specifications, maintaining shipping promises and the ability to give a full measure of service.
4. Vendor Assistance in Specification Preparation. Advice or assistance may be received from a vendor in identifying the features and characteristics needed by the City; however, no person who, for compensation, prepares an Invitation to Bid or Request for Proposal for or on behalf the City shall (i) submit a bid or proposal for that procurement or any portion thereof or (ii) disclose to any bidder or offeror information concerning the procurement which is not available to the public. However, the Purchasing Administrator in consultation with the City Manager and City Attorney or designee, may permit such person to submit a bid or proposal for that procurement or any portion thereof if it is determined that the exclusion of such person would limit the number of potential qualified bidders or offerors in a manner contrary to the best interests of the public body (Code of Virginia, § 2.2-4373). This does not prohibit the City and vendors from freely exchanging information concerning what is sought to be procured and what is offered. The name of the vendor(s) providing assistance must be submitted with the requisition to the Purchasing Division. Such information is helpful to the buyer when identifying restrictive or proprietary features which could be challenged by other bidders or offerors causing delays and/or cancellations.

3.5 Code of Ethics and Conduct

It is the policy of the Purchasing Division to promote the City's reputation for courtesy, honesty, fairness and impartiality. The responsibility for achieving this goal rests with each individual who participates in the procurement process. This includes the using departments, the vendors, as well as the purchasing personnel. The Purchasing Division adheres to a high standard of ethics and conduct in accordance with the *Virginia Public Procurement Act (VPPA)*.

Public purchasing officials are required to maintain complete independence and impartiality in dealing with vendors, both in fact and in appearance. Thus, preserving the integrity of the competitive process, ensuring there is public confidence, and contracts are awarded equitably and economically.

The following are excerpts from Chapter 43, Article 6, *Virginia Public Procurement Act*, and Ethics in Public Contracting:

1. *Section 2.2-4367 Virginia Public Procurement Act, states:*

The provisions of this article supplement, but shall not supersede, other provisions of law including, but not limited to, the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq.), the Virginia Governmental Frauds Act (§18.2-498.1 et seq.) and Articles 2 (§ 18.2-438 et seq.) and 3 (§ 18.2-446 et seq.) of Chapter 10 of Title 18.2. The provisions of this article shall apply notwithstanding the fact that the conduct described may not constitute a violation of the State and Local Government Conflict of Interests Act.

2. *Section 2.2-4371 Virginia Public Procurement Act, states:*

PROHIBITION ON SOLICITATION OR ACCEPTANCE OF GIFTS; GIFTS BY BIDDERS, OFFERORS, CONTRACTOR OR SUBCONTRACTORS PROHIBITED. No public employee having official responsibility for a procurement transaction shall solicit, demand, accept or agree to accept from a bidder, offeror, contractor or subcontractor, any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal or minimal value, present or promised, unless consideration of substantially equal or greater value is exchanged. The public body may recover the value of anything conveyed in violation of this subsection.

No bidder, offeror, contractor or subcontractor shall confer upon any public employee having official responsibility for a procurement transaction, any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value is exchanged.

In order to avoid the possibility of any misunderstandings regarding compliance with the law, and regarding any appearance of impropriety relative to the competitive process for awarding contracts, no City employee, or City official shall accept anything valued more than \$20.00 offered from vendors. In addition, all of the individuals mentioned above shall be subject to the requirements of Section 2.2-3102 "Prohibited conduct", and Section 2.2-3103.1 "Certain Gifts Prohibited" as amended.

In accordance with Section § 2.2-3109. *Prohibited contracts by other officers and employees of local governmental agencies.*

A. No other officer or employee of any governmental agency of local government, including a hospital authority as defined in § [2.2-3109.1](#), shall have a personal interest in a contract with the agency of which he is an officer or employee other than his own contract of employment.

B. No officer or employee of any governmental agency of local government, including a hospital authority as defined in § [2.2-3109.1](#), shall have a personal interest in a contract with any other governmental agency that is a component of the government of his county, city or town unless such contract is (i) awarded as a result of competitive sealed bidding or competitive negotiation as set forth in § [2.2-4302.1](#) or [2.2-4302.2](#) or is awarded as a result of a procedure embodying competitive principles as authorized by subdivision A 10 or 11 of § [2.2-4343](#) or (ii) is awarded after a finding, in writing, by the administrative head of the governmental agency that competitive bidding or negotiation is contrary to the best interest of the public.

C. The provisions of this section shall not apply to:

1. An employee's personal interest in additional contracts for goods or services, or contracts of employment with his own governmental agency that accrue to him because of a member of his immediate family, provided the employee does not exercise any control over (i) the employment or the employment activities of the member of his immediate family and (ii) the employee is not in a position to influence those activities or the award of the contract for goods or services;

2. An officer's or employee's personal interest in a contract of employment with any other governmental agency that is a component part of the government of his county, city or town;

3. Contracts for the sale by a governmental agency of services or goods at uniform prices available to the general public;

4. Members of local governing bodies who are subject to § [2.2-3107](#);

5. Members of local school boards who are subject to § [2.2-3108](#); or

6. Any ownership or financial interest of members of the governing body, administrators, and other personnel serving in a public charter school in renovating, lending, granting, or leasing public charter school facilities, as the case may be, provided such interest has been disclosed in the public charter school application as required by § [22.1-212.8](#).

3.6 Conflict of Interest

The Code of Virginia, § 2.2-4369, entitled “Proscribed participation by public employees in procurement transactions”, defines conflict of interest as follows:

Except as may be specifically allowed by subdivisions A. 2, 3 and 4 of § 2.2-3112, no public employee having official responsibility for procurement transactions shall participate in that transaction on behalf of the public body when the employee knows that:

1. The employee is contemporaneously employed by a bidder, offeror or contractor involved in the procurement transaction;
2. The employee, the employee’s partner, or any member of the employee’s immediate family holds a position with a bidder, offeror or contractor such as an officer, director, trustee, partner of the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest of more than five percent;
3. The employee, the employee’s partner, or any member of the employee’s immediate family has a pecuniary interest arising from the procurement transaction; or
4. The employee, the employee’s partner, or any member of the employee’s immediate family is negotiating or has an arrangement concerning, prospective employment with a bidder, offeror or contractor.

When a potential for a conflict of interest arises, the City employee must provide written notification to the Purchasing Division and the City Attorney’s Office identifying what relationship exists that could be classified as a potential for a conflict of interest. The employee may not participate in the procurement process in anyway unless and until the Purchasing Division and the City Attorney’s Office determine that no conflict of interest exists.

4.0 GENERAL PURCHASING POLICIES

The City of Chesapeake Code of Ordinances, Chapter 54, Public Procurement, Virginia Public Procurement Act (VPPA), Administrative Regulations and the Procurement Policies and Procedures shall govern the procurement of goods, services and construction. The City’s Procurement processes ensures that all procurement activity is properly monitored to ensure the fair and equitable treatment of all persons. Overall transparency thereby increases the public confidence in the procurement process.

No materials, supplies or services for the use of or by any department, unit, division or office of the City government may be ordered, except by a requisition authorized and approved by the head of such department, unit, division or office or by his or her authorized designee. No such materials, supplies or services shall be ordered unless there is sufficient available funds. In order for a good or service to be procured, the end using department must either create a requisition and submit for approval or utilize an approved purchasing card, when applicable, regardless of the dollar amount.

4.1 Order Splitting Prohibition

The placement of multiple orders within other than a reasonable time period to one or more vendors for the same, like, or related goods or services to avoid using the appropriate method of procurement or to remain within delegated purchasing authority is prohibited. Order splitting results in higher administrative cost to the City. It is a highly inefficient practice. Requirements should be combined when practical to obtain quantity discounts and other administrative efficiencies. Term contracts (annual or multi-year) should be considered where the anticipated cumulative annual costs for goods or services are over \$100,000 and a fixed price type contract or a unit priced requirements type contract can be awarded. In some instances, even though the annual amount is less than \$100,000, it may be advantageous to enter into a term contract and this should also be considered.

4.2 Award

Notification to a bidder or offeror that his or her bid, or negotiated proposal, has been accepted. Award for purchases shall be made to the lowest responsible and responsive bidder or offeror, whose bid or proposal meets the requirements for compliance with provisions, specifications, terms, and conditions set forth in the invitation for bid or request for proposals. An award is ultimately subject to the right of the City to reject any or all bids where such action is determined to be in the best interest of the City.

4.3 Compliance with Procurement Policies

Deviations from the policies and procedures described herein shall not be made without prior approval of the Procurement Administrator, City Manager, and City Attorney, or their respective designees.

4.4 Signature Authority

Only the City Manager, or designee, Purchasing Administrator, or City Attorney, or designee may sign or execute contracts or agreements on behalf of the City. (Also please see Section 1.1.1)

4.5 City Attorney Review

All contracts and agreements with an annual estimated value of \$100,000.00 or more, including any amendments and modifications thereto, shall be approved as to form by the City Attorney, or designee.

4.6 Risk Management Review

All contracts and agreements with an annual estimated value of \$100,000.00 or more, including any amendments and modifications thereto, shall be reviewed and approved as to insurance requirements, by the Risk Manager, or designee.

4.7 Contract Extensions

The City shall not extend an existing contract beyond the term, including any renewal periods, originally set forth in the bid or proposal. Notwithstanding this provision, the City may extend the term of an existing contract for services to allow completion of any work undertaken but not completed during the original term of the contract.

4.8 Standard Terms and Conditions

The Purchasing Division shall promulgate standard terms and conditions for all purchases of goods and services. The standard terms and conditions and any changes or modifications shall be approved as to form by the City Attorney, or designee. The standard terms and conditions shall be available on the Purchasing Divisions website.

4.9 Special Terms and Conditions

The Purchasing Division shall promulgate special terms and conditions for the purchases of goods and services as necessary for unique requirements of the purchase and/or the protection of the City. The special terms and conditions and any changes or modifications shall be approved as to form by the City Attorney, or designee.

4.10 Purchasing Standard Forms, Contracts and Agreements

The Purchasing Division shall promulgate standard forms/templates that shall be used for the purchases of goods and services for the City. All contracts and/or agreements and any changes or modifications shall be approved as to form by the City Attorney, or designee.

4.11 Reference Verification of Vendors

All reference verifications of potential and approved City vendors and/or contractors shall be processed by the Purchasing Division.

4.12 Administrative Regulations

The City's Administrative Regulations numbers 1.17, 1.23, 1.29, 4.01 and 4.12 are repealed and upon promulgation of this Manual and are no longer applicable to the purchases of goods or services.

4.13 Bond and Surety Requirements

Bond and Surety requirements are set by City Code. Any modifications or changes to any bond or surety requirements must be approved by the City Attorney, or designee.

4.14 Federal, State or Local Grants

If the City accepts federal, state or local grants, for the purchase of goods or services, the City shall comply with the standards set forth in such grant, such as 2 FCR § 200.318-326 for federal grants, if such is required by federal, state or City law.

5.0 PURCHASING CYCLE

The purchasing cycle is the process of providing the support necessary to acquire all of the goods and services that are required by the City. These efforts begin with the determination of the materials and service requirements and usually end with the disposition function. The cycle is called the Purchasing Cycle or the Procurement Cycle.

5.1 Procedure

The Purchasing Cycle begins with budget adoption. Each departmental budget specifies approved capital equipment, routine operating supplies, and supplies to be procured. This information is utilized by the Purchasing Division to verify expenditures, anticipate departmental needs and to recommend bulk purchase or term contracts for repetitive procurement. The following outlines the basic Procurement Cycle:

1. The Department's needs are recognized, perceived, or indicated.
2. Departments shall determine that sufficient funds are available to pay for the requested goods or services
3. Specifications or scope of services are developed by the Purchasing Division and Department.
4. A detailed requisition is prepared, pre-encumbered, approved and forwarded to Purchasing for processing.
5. Purchasing reviews the requisition and specifications for accuracy and completeness.

6. Purchasing determines the appropriate source selection or procurement method: competitive sealed bidding, competitive negotiation, request for quotes, sole source, emergency purchases or cooperative/joint purchase agreement.
7. Purchasing prepares the solicitation package.
8. Purchasing prepares the bid tabulations of all bids submitted.
9. Bids are reviewed and evaluated for compliance with specifications and/or scope of service.
10. Recommendation for award is prepared.
11. Based on award value from the bid, an award is made by the Procurement Administrator, City Manager, or respective designees.
12. Purchase Order and/or formal contract that includes all relevant documents is prepared.
13. The using department administers the contract for compliance with respect to specifications. Any non-compliance should be promptly documented, and Purchasing should be notified.
14. Surplus, salvage or scrap is either re-allocated or disposed of by the Purchasing Division.

5.2 The Purchase Requisition

The Department's requisition serves as a tool to inform the Purchasing Division of the needs of the user departments and to correctly define the service or product. In addition, the requisition signifies authority to charge a specific account number and to certify that sufficient funds are available in the account specified.

Each purchasing user is assigned a password and is given a specific level of access to applications and approval levels by cost center in the City's ERP System. Requisitions are approved by the department director. All requisitions must be reviewed and approved by the Department Head, Director or designee.

Requisitions are initiated by the user department in City's ERP System's Procurement module. The following instructions are provided as a guide on the required information when completing the automated purchase requisition.

1. **Date:** The date the requisition was established.
2. **Requisition number:** The system automatically assigns consecutive requisition numbers.
3. **Requisition by:** Enter the name of the person requesting the item or service and the department or division.

4. **Reason:** A detailed explanation as to by whom, what, where, how and why the item or service is needed. (Example: Replacement of obsolete computer, pipe required for the Main Street, Drainage project or a software purchase, all terms and conditions attached should be referenced and included, and if additional yearly maintenance cost may be needed or recurring after the first year)
5. **Suggested vendors:** Enter the recommended vendors, addresses, telephone numbers, contact person's email, and fax numbers.
6. **Deliver by date:** It is important to enter a delivery date for the item, service or project, particularly if there is a need for delivery within a specified period of time. The date must be realistic and should take into consideration the lead time required for processing.
7. **Description:** The description of the item or service should be clear and precise. Provide a detailed description of each item. Include suggested manufacturer and product numbers whenever possible. Indicate color, size or other pertinent information. Additional information relating to the item may be entered under the *line item comments* option.
8. **Quantity:** Enter the number of units of the specific item required.
9. **Unit of Measure (UOM):** State how the item will be measured or packaged, such as each, dozen, LS (lump sum), etc.
10. **Unit cost:** Enter the estimated price for each item. The actual price may vary after solicitation.
11. **Account number:** Enter the General Ledger expenditure account to be charged for the items on the requisition. The system will provide a list of accounts upon request.
12. **Project number:** Enter the project number, if applicable. This field maintains the records for all project numbers.
13. **Requisition quotes:** Provide vendor name, address, telephone number and price quotes, if applicable.
14. **Requisition comments:** Provide general information about the request, such as the project title, contact person or other internal comments that will not be printed on the Purchase Order form.

5.3 Processing Time

Processing time or lead time is critical; therefore, requisitions should be prepared in advance, to allow sufficient time for the solicitation process to take place and adequate time for delivery of the product or services required. To allow adequate time for processing, the following must be considered for each project for the following:

- a. The time required for the user department to prepare and approve the requisition.
- b. The time required for Purchasing to obtain quotes; or adequate time for Purchasing to solicit bids and to provide public notice.
- c. The time required for Purchasing and the user department to evaluate the responses.
- d. The time required for the contractor to place the order and to deliver the goods or services.
- e. The time required for the vendor to manufacture any specialized products or equipment.

The following schedule may be used as a guide for determining the minimum time required by the Purchasing Division for processing requisitions after receipt of the requisition and applicable specifications or scope of services:

Type of Procurement	Number of Processing Days
Request for Quotation/Informal Solicitation	3 to 10 working days
Invitation for Bids (IFB)	32 days
Technology Bids	60 days
Construction Bids (IFB)	32 days
Request for Proposals (RFP)	55 days
Technology Proposals	60 days
Purchase off a City Contract	2 days after approval of requisition
Cooperative Contract – Non Technology	10 days
Cooperative Contract - Technology	15 days
Non-Technology Agreement	15 days
Technology Agreement	15 days

Please note: Actual times may vary depending on the scale, uniqueness and/or complexity of the request.

Using department shall provide original technical specifications, or other information electronically to allow for any necessary edits. Specifications must be clear, precise, and should define the level of performance or desired quality, rather than a specific brand name. The Purchasing Division will review the specifications to ensure they are non-restrictive and do not prohibit competition.

1. Requisitions should be carefully reviewed during the Requisition Approval process. Incomplete or restrictive requests may be returned to the requestor for revision.

2. Forward any relevant product information which has been provided by the vendor. In addition, all original written fax quotes should be forwarded to the Purchasing Division to avoid duplication of effort or misquoting.
3. If there are insufficient funds for the purchase, the requisition will not be pre-encumbered by the system and will be returned, and not processed.
4. All purchases of vehicles, motorized equipment, roadway equipment, and other related purchases shall be reviewed by the Fleet Manager before processing.
5. Computer related equipment shall be approved by the Chief Information Officer (or designee) prior to entering the requisition.

5.4 The Purchase Order

A Purchase Order authorizes the vendor to ship and invoice for materials and/or services as specified. Purchase orders that are clear, concise and complete will help prevent any unnecessary misunderstandings and contract disputes with suppliers.

Only the Purchasing Division shall issue Purchase Orders, and contracts for orders of \$5,000.00 and over. The user department is only authorized to order small purchases as set out in Section 7.1 Small Purchases herein. All Purchase orders and contracts shall be transmitted to the supplier by the Purchasing Division or designated department.

The Purchase Order system is fully automated and produces a consecutively numbered purchase order after the requisition is processed. Purchase orders are issued to a vendor after the award of a quotation or bid/proposal solicitation.

Purchase Orders are legally binding contracts which combine the essential product or service information with legal terms and conditions of the purchase and instructions to the contractor. All terms and conditions shall be unconditionally accepted by the vendor to produce a contract. The information provided on a Purchase order is as follows:

1. The Purchase Order Form contains a pre-assigned number and preprinted general terms and conditions and billing information.
2. Vendor Number, Name, and Address;
3. Ship to Address for the City;
4. Requesting Department;
5. Terms of Payment;
6. Delivery Date;
7. Item Description, including Color, Size, Catalog or Part Number, Make and Model, etc. The description may also reference a particular service to be performed, and

may include other relevant information such as the bid number, award date, warranty information, bid specifications or bid form which may be attached.

8. Quantity, Unit of Measure, Unit Price, Extended Price, and Total Price.
9. Special Delivery Instructions, Shipping Terms, and FOB Point: Every effort will be made to obtain pre-paid FOB destination terms. The FOB point is the place at which ownership and liability for the parcel changes from the vendor to the City.
10. Specific Terms and Conditions, when applicable.
11. Signature of the Procurement Administrator.

5.5 Purchase Order Distribution

1. Vendor copies are dispatched by the Purchasing Division to the vendor's approved email address or via fax server.
2. Departments may receive a copy of their Purchase Orders.

5.6 Acknowledgments

A supplier may send their own form for acknowledgment of order. Acknowledgment forms originating from suppliers should not be signed because the signature of acceptance will signify that the City has accepted all of the supplier's terms and conditions as printed on their acknowledgment form, thereby creating a new contract which may supersede the conditions of the Purchase Order. The new conditions may not be in the best interest of the City. Contact the Purchasing Division immediately should the vendor refuse to ship without a signed document. Any additional terms or conditions must be reviewed and approved by the City Attorney or designee before they become effective.

5.7 Follow-up and Expediting

1. After the purchase order has been issued to the contractor, City departments and the Purchasing Division may follow-up or expedite the order.
 - a. *Follow-up* is the routine tracking of an order to assure that the vendor will be able to meet the delivery date. Follow-up is usually made on large-dollar, long lead-time or critical purchases.
 - b. *Expediting* is performed when the item or service is not delivered according to the Purchase Order delivery date or when it is necessary to request delivery ahead of schedule.
2. The Purchasing Division will perform the follow-up and expediting activities, however, depending upon the urgency of the order, the requesting department may

contact the vendor to inquire as to the reason(s) for the delay or to obtain the expected delivery date. The Purchasing Division should be notified prior to making delivery inquiries.

6.0 CHANGE ORDERS & CHANGE ORDER FORM

Change orders provide a method for amending existing purchase orders, blanket purchase orders or contracts. A change order is a written modification to a contract or purchase order, which normally establishes a change in the work, the cost impact on the contract, if any, and the extent of the adjustment in the contract time, if any.

Change Order Request forms for regular purchase orders are available online at the PeopleSoft portal and on City Point under Purchasing and Procurement.

6.1 Authorization

Generally, the level of authority for approval of a change order request is the same level of authority required to approve the original purchase requisition. Additionally, special consideration shall be taken as to whether the change order fits within the scope of the procurement and agreement.

6.2 Procedure

1. Change orders are initiated for purposes of adjusting quantities, price changes, addition or deletion of items, account number corrections, cancelations or changes relating to shipping.
2. Change order requests must be processed for all changes that affect the original Purchase Order. Any contract may include provisions for modification of the contract during performance, but no fixed-price contract may be increased by more than 10 percent of the amount of the original contract or \$10,000.00, whichever is greater, without the advance approval of the City Manager, provided that sufficient funds are available and provided, further, that the City council has been informed of the modification and approved the modification through appropriation of funds. Notification to City council shall include a summary of all previous modifications to the contract.
3. The department requesting the change order shall complete a change order request form and submit the form to the Purchasing Division. The change order request must include the vendor name, purchase order number, requisition number, monetary

dollar breakdown per account number and a clear and concise explanation for the changes; i.e. increase in quantity required for addition of freight charges, addition of item necessary for...etc.

4. Change order requests that indicate a price increase for specific items must include proper justification.

6.3 Amendments to Contracts

1. Any changes to a contract shall be in writing in the form of a contract modification form prior to proceeding with the change in work. The requesting department or division shall initiate and forward the proposed contract modification form to the Purchasing Division for review.
2. Contract changes must be substantiated in writing and must include any proposed adjustment in the contract sum or contract time.
3. If the change provides for an adjustment to the contract sum, the adjustment shall be based on one of the following methods:
 - a. Mutual acceptance of a lump sum for the work properly itemized and supported by sufficient substantiating data to permit evaluation;
 - b. Unit prices stated in the contract documents or subsequently agreed upon;
 - c. Cost to be determined in a manner agreed upon by the parties and a mutually acceptable fixed or percentage fee.
4. The contract modification form and supporting documents shall be submitted for approval to the appropriate authority (which shall include the Procurement Administrator and the City Attorney or designee).
5. The Procurement Administrator or designee will process and issue the approved modification or change order or submit to the City Manager or designee for approval.

7.0 METHODS OF PROCUREMENT AND ADMINISTRATION

Competition is a fundamental principal of public procurement. The method of obtaining competitive prices for purchases of supplies, materials, equipment, construction and contractual services is based on the budgeted amount or estimated price of the product or service to be purchased.

Unless otherwise authorized by law, all contracts shall be awarded by one of the following methods:

1. Small Purchase Policy
2. Competitive Sealed Bidding
3. Competitive Negotiation
4. Emergency Procurements
5. Sole Source Procurement
6. Cooperative and/or Joint Procurements
7. Purchases Exempt from Competition
8. Design-Build and Construction Management Contracts
9. Prequalification Procedures for Professional Services or Construction Contracts
10. Multi-Step (Two-Step) Sealed Bidding
11. Public-Private Education Facilities and Infrastructure Act (PPEA) & Public- Private Transportation Act (PPTA)

To serve as a guideline, the chart that follows identifies purchasing dollar thresholds, role and responsibility, and the number of quotes necessary for various purchases:

Dollar Thresholds	Role & Responsibility	Number of Quotes to Obtain
Purchases up to \$999.99	Department	One (1) quote
Purchases between \$1,000 – \$4,999.99	Department	Minimum of three (3) written quotes
Purchases between \$5,000-\$100,000	Purchasing	Four (4) Bidders /Offerors; Preferred Methods: Quick Quote, RFQ, Unsealed Bidding; Unsealed RFP other methods as determined by the Procurement Administrator
Purchases over \$100,000	Purchasing	Formal Solicitation Example: IFB, RFP
Emergency Purchases (all)	Purchasing	Purchasing will process
Sole Source Purchases (all)	Purchasing	Purchasing will process

7.1 Small Purchase Policy

The *Virginia Public Procurement Act (VPPA)* permits a public body to establish small purchase procedures, if adopted in writing, not requiring the use of competitive sealed bidding or competitive negotiation for single or term contracts if the aggregate or sum of all phases is not expected to exceed \$100,000; however, such small purchase procedures shall provide for competition wherever practicable (*Code of Virginia, § 2.2-4303G*). The following small purchase procedures have been established for acquiring materials, supplies, equipment, printing, nonprofessional services and non-transportation-related construction up to \$100,000 (excluding information technology and telecommunications goods and services). Procurements made pursuant to these procedures do not require public bid openings or newspaper advertising of competitively negotiated procurements. Small purchases that are expected to exceed \$5,000 shall require the posting of a public notice.

7.1.1 Competitive Requirements

Departments shall estimate the total cost, including all possible renewal periods if a term contract, to determine if the procurement will exceed \$100,000. If the procurement is expected to exceed \$100,000 over the entire term of the contract, including all possible change orders and renewal periods, the department shall use competitive sealed bidding (IFB) or competitive negotiation (RFP). The expected trade-in value of equipment shall not be considered when determining the anticipated total value of a contract. Departments are encouraged to utilize the Purchasing Division services to utilize electronic procurement websites including eVa, DemandStar or the City's website for solicitation and or posting of public notice.

7.1.2 Requests for Quotations (Up to \$4,999.99)

- a. Where the department's estimated total cost of goods or nonprofessional services is \$999.99 or less, unless exempted, including any additional yearly related purchases to the same vendor, for the same items may be made upon receipt of a minimum of one (1) electronic, written or fax quote. For over the counter purchases, a written quotation is not required, however the department shall include a point of sale receipt; additionally, the Purchasing Division encourages departments to get more than one quote for the purposes of this section. If more than one quote is received, the award shall be made to the lowest responsive and responsible bidder. However, if the price or prices do not appear to be fair and reasonable¹, the department shall document the procurement file to this effect,

including stating the basis for the determination and obtain additional quotes as needed. Please see order splitting prohibition.

- b. Where the department's estimated total cost of goods or nonprofessional services is \$4,999.99 or less, unless exempted, including any additional yearly related purchases to the same vendor, purchases may be made upon receipt of a minimum of three (3) electronic, written or fax quotations. If more than one quote is received, the award shall be made to the lowest responsive and responsible bidder. In the event the department receives only one (1) quote, the department shall conduct verifiable market research to determine if the price is fair and reasonable. If the price is determined to be fair and reasonable, the research documentation and the determination shall be made part of the procurement file. If prices do not appear to be fair and reasonable, the department shall document the procurement file to that effect, including stating the basis for the determination, and then re-solicit to obtain additional quote(s). Please see order splitting prohibition.
- c. All departments shall be required to use the Purchasing Division's form "Small Purchase Quotation Record" for all written or fax quotations. The "Small Purchase Quotation Record" form shall be available on the Purchasing Division's web page at the following link; <http://citypoint/Departments/PurchasingProcurement/Documents/Forms/By%20Document%20Type.aspx> This record of the quotation(s) must be kept with the file in the Purchasing Division.
- d. Although public posting of the notice of award will not be necessary for purchases under \$4,999.99, all departments may utilize the Purchasing Division's electronic procurement

¹ **Fair and Reasonable Price Determination.**

A written fair and reasonable price determination is required to determine if prices bid or offered are fair and reasonable when: (a) competition is restricted or lacking, or (b) the prices offered do not appear to be fair and reasonable.

The written determination of a fair and reasonable price requires that the price is acceptable to both the City and the bidder or offeror considering all circumstances. Circumstances include, but are not limited to, the degree of competition, market conditions, quality, location, inflation, value, technology and unique requirements of the City. The written determination may be based on price analysis (comparison with prices previously paid, prices charged for functionally similar items, prices paid by other consumers, prices set forth in a public price list or commercial catalog, or state estimates) or through the analysis of price-to-unit variations, value analysis (make-or-buy study), or cost analysis. Advice and assistance can also be obtained from the appropriate Procurement Specialist or the Procurement Administrator. The written analysis must be supported by factual evidence in sufficient detail to demonstrate why the proposed price is deemed to be reasonable. If a determination is made that the prices offered are not fair and reasonable, then a decision has to be made whether to rebid seeking broader competition, revise specifications and rebid the requirement, or to negotiate a better price as may be identified through the price analysis process. A combination of these methods may be necessary. If it is a negotiated procurement, then the price should be negotiated to one that is fair and reasonable.

websites including eVa, DemandStar or the City's website for solicitation and or posting of public notice.

- e. The Purchasing Administrator may at his or her discretion require a more formal solicitation process where such solicitation appears to be more advantageous.

7.1.3 Unsealed Bidding. (Over \$5,000 up to \$100,000)

- a. Unsealed bidding may be used to solicit bids and quotes for goods and nonprofessional services over \$5,000 up to \$100,000. All purchases over \$5,000 shall be processed by the Purchasing Division with the assistance of the departments' specifications and expertise. All appropriate City terms and conditions must be stated in or attached to the solicitation, including an award term and conditions. The solicitation shall be open for the period of time stated in the solicitation but must be open for a minimum of three (3) business days (24 business hours). A reasonable amount of time should be allowed for vendors to respond based on the nature of the procurement and any subsequent amendments.
- b. For Procurements from \$30,001 and up to \$100,000, If more than four (4) bids are solicited, an award may be made to the lowest priced responsive and responsible bidder. If the Purchasing Division determines that the prices do not appear to be fair and reasonable, the Purchasing Division shall document the procurement file to that effect, including stating the basis for the determination and then the procurement may be cancelled and re-solicited.
- d. All purchases made under this subsection that are expected to exceed \$5,000 shall in addition to the above criteria, will require (a) public notification of solicitation to a minimum of four bidders or offerors and (b) posting of a public notice for at least three (3) business days (24 business hours) prior to the date set for receipt of bids or proposals and (c) posting of the notice of award. The City may utilize the City's procurement website, eVa, DemandStar or other appropriate procurement websites for solicitation and posting. All departments must maintain a purchasing file for each procurement that can be audited by the Purchasing division at any time.
- e. The Purchasing Administrator may at his or her discretion require a more formal solicitation process where such solicitation appears to be more advantageous.

7.1.4 Unsealed Request for Proposals (Over \$5,000 up to \$100,000).

Goods or nonprofessional services over \$5,000 up to \$100,000 may be procured using the Unsealed Request for Proposal process. All purchases over \$5,000 shall be processed by the purchasing division with the assistance of the departments' specifications and expertise. A written determination for the use of competitive negotiation is not required for Unsealed Request for Proposals. The solicitation shall be open for the period of time stated in the solicitation but must

be open for a minimum of three (3) business days (24 business hours). The solicitation for unsealed proposals shall include a cover sheet, a general description of what is being sought, the award term, the evaluation criteria and weights to be used in the evaluation, the current version of the General Terms and Conditions, and any Special Terms and Conditions including any unique capabilities or qualifications that will be required.

- a. Offers may be opened and evaluated upon receipt. All responses must be received at the designated location by the date and time stated in the solicitation.
- b. In lieu of an evaluation committee, the department and Purchasing Division may solely evaluate and rank offers. Upon completion of the evaluation, negotiations shall be conducted with the offerors selected.
- c. Award shall be made to the highest ranking offeror in accordance with the criteria listed in the solicitation.
- d. All purchases made under this subsection that are expected to exceed \$5,000 shall in addition to the above criteria, will require the (a) public notice of solicitation to a minimum of four bidders or offerors and (b) posting of a public notice for at least three (3) business days (24 business hours) prior to the date set for receipt of bids or proposals and (c) posting of the notice of award. The City may utilize the City's procurement website, eVa, DemandStar or other appropriate procurement websites for the solicitation and posting.
- e. Purchasing Administrator may at his discretion require a more formal solicitation process where such solicitation appears to be more advantageous.

7.2 Competitive Sealed Bidding

As per City Code Section 54-61, and/or as provided by applicable provisions of the Code of Virginia, except as otherwise provided by the City Code, all City contracts with nongovernmental contractors for the purchase or lease of goods, or for the purchase of services, insurance or construction shall be awarded after competitive sealed bidding (unless another manner of procurement is authorized by law and approved for use by Section 7.0). Competitive sealed bidding is a method of procurement that requires the issuance of an Invitation to Bid (IFB) which includes a description, acceptance criteria and all contractual terms and conditions applicable to the procurement. The IFB method is described below:

7.2.1 Invitation to Bid (IFB)

- A. An invitation to bid is considered a formal solicitation and shall contain a summary of the contract specifications and contractual terms and conditions applicable to the

procurement, or shall incorporate such specifications, terms and conditions by reference, and, where relevant, shall state where applicable contractual terms and conditions may be viewed. Unless bidders have been prequalified, the invitation to bid shall include a statement of any qualifications required of potential contractors.

- B. The evaluation criteria to be used in evaluating the bids submitted shall be set forth in the invitation to bid or in documents incorporated by reference or otherwise into the invitation to bid.
- C. The invitation to bid shall note the City may reject any and all bids.

7.2.2 Public Notice

Public notice of the invitation to bid shall be given at least ten (10) days prior to the date set for receipt of bids by posting in a designated public area or by publication in a newspaper of general circulation, or both. Public notice may also be published on the City of Chesapeake website and other appropriate websites.

7.2.3 Contract Specifications

- A. Brand names. Unless otherwise provided in the invitation to bid, the name of a certain brand, make or manufacturer does not restrict bidders to the specific brand, make or manufacturer; it conveys the general style, type, character and quality of the article desired and any article which the Procurement Administrator or designee in his or her sole discretion determines to be the equal of the specified article, considering quality, workmanship, economy of operation and suitability for the purpose intended shall be accepted.
- B. Functional Equivalence or Equivalent. Goods or services that may be determined to be the equivalent of the specified product or service specified, considering functionality, quality, workmanship, economy of operation and compatibility and suitability for the use and purpose intended shall be accepted. Purchasing shall analyze departments' specification requirements with a view towards soliciting the requirements on a functional equivalent or equivalent basis.
- C. Proprietary Specification. It shall only be appropriate to use a proprietary specification when the desired product must be compatible with or is an integral component of existing equipment or products, or where prequalification of products is necessary to support specific needs of a program; is covered by a patent or copyright; must yield absolute continuity of results; or is one with which a user has had extensive training and experience, and the use of any other similar piece of equipment would require

considerable reorientation and training. Upon solicitation, every effort must be made to obtain full competition among the distributors which carry the manufacturer's product. The determination for the use of a proprietary specification shall be made by the Procurement Administrator, in advance, in writing, and be included in the procurement file.

7.2.4 Pre-Bid/Proposal Conference

A pre-bid/proposal conference shall be held whenever requested by the using department and/or deemed appropriate by the Procurement Administrator. Generally, a pre-bid/proposal conference is conducted with bidders when the solicitation is complex, large, or contains critical requirements.

The purpose of a pre-bid/proposal conference is to promote competition through enhanced understanding of the specifications, terms and conditions of the solicitation. Conferences also provide an opportunity to clarify critical aspects of the solicitation, eliminate potential ambiguities or misunderstandings and permits vendor input. Site visits may be required as part of the solicitation and combined with the pre-bid/proposal conference.

The pre-bid/proposal conference is usually held after issuance of a solicitation and before submission and opening of bids/proposals. Attendance at the conference by the vendor may be optional, or mandatory and shall be so stated in the solicitation. When mandatory attendance is required, only bids/proposals from those firms represented at the conference or site visit will be accepted. If changes to the solicitation result from the pre-bid/proposal conference, the Purchasing Division shall issue a written addendum. The addendum shall be posted on the City's website or other appropriate websites.

7.2.5 Receipt of Bids/Proposals

All bids/proposals received prior to the time of opening shall be kept in a secure location. Bid/Proposal responses shall remain unopened until the specified date and time. If a solicitation is cancelled, the bid/proposal shall be returned to the vendor unopened.

Bid samples, when submitted, shall be safeguarded to prevent disclosure of contents before bid opening.

- a. Unidentified bids/proposals may be opened solely for the purpose of identification. Documentation of the name of the person opening the bid/proposal, the date, time opened, and the invitation for bid/RFP number shall be marked on the bid/proposal envelope.

- b. Facsimile or telegraphic bids/proposals are not acceptable due to confidentiality of information and lack of original signature.
- c. Electronic submissions of bids/proposals will be available once approved by the City Manager or designee.
- d. If the City is officially closed to the public due to inclement weather conditions or other unforeseen events, bids and proposals will be due at the same time advertised on the next regular business day, and bid openings will be rescheduled to such time and date.

7.2.6 Bid Opening

Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation to bid. The amount of each bid, and such other relevant information as may be specified in the invitation to bid, together with the name of each bidder, shall be recorded. The record and each bid shall be open to public inspection.

Bid openings, at a minimum should:

1. At the specified time and date of the bid opening, the Procurement Administrator, or designee, shall publicly open and read aloud all bids received.
2. A representative from the department submitting a bid request should be present to witness the bid opening.
3. Questions concerning the bids shall not be answered until after the bid evaluation is complete or an award is made.
4. A tabulation of all bids received shall be made available for public inspection in the Purchasing Division during regular business hours.

7.2.7 Bid Acceptance and Evaluation

Bids shall be unconditionally accepted without alteration or correction, except as authorized in this chapter. Bids shall be evaluated based on the requirements set forth in the invitation to bid, which may include criteria to determine acceptability such as special qualifications of potential contractors, inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that will affect the bid price and which will be considered in evaluation for the award shall be objective and measurable, such as discounts, transportation costs, value analysis and total or life cycle cost. The invitation to bid shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluations that are not set forth in the invitation to bid.

As soon as practical after the opening, the bids will be evaluated and an award made to the most responsive and responsible bidder who submits a bid that is deemed to be in the best interest of the City.

7.2.8 Cancellation, Rejection of Bids or Proposals; Waiver of Informalities

1. An invitation to Bid (IFB), a Request for Proposal (RFP) or other solicitation may be cancelled or any or all bids or proposals may be rejected in whole or in part when the Procurement Administrator or designee determines that it is in the best interest of the City to do so. The reasons for such action shall be made a part of the contract file.
2. The City may waive informalities in bids. "Informality" means a minor defect or variation of a bid or proposal from the exact requirements of the Invitation to Bid, or the Request for Proposal, which does not affect the price, quality, quantity or delivery schedule for the goods, services or construction being procured.

7.2.9 Bid Award

1. After the bids have been tabulated and evaluated by the using department and the Procurement Administrator, or designee, a recommendation for the award to the responsive and responsible bidder is prepared by the using department and sent to the Procurement Administrator, or designee for his final determination.
2. Public notice of the intent to award or notice of award shall be by posting in a designated public area or by publication in a newspaper of general circulation, or both. Public notice may also be published on the City of Chesapeake website and other appropriate websites.
3. Any bidder who desires to protest the award or decision to award a contract shall submit the protest in writing to the City no later than ten (10) days after the award or the announcement of the decision to award, whichever occurs first. Please see section 10.0 Protest of Award or Decision to Award for further information.

7.2.10 Modifications to a Solicitation

Notification of a cancellation or an addendum to a solicitation shall be made by posting on the City's website or other appropriate websites or as stated in the solicitation document. The signed acknowledgment of addenda must be returned to the Purchasing Division prior to the time and date of the bid opening or with the bid or proposal. When an addendum is issued which requires additional time for the vendor to prepare a solicitation response, the opening date shall be extended.

7.2.11 Rejection of Bids or Proposals

A bid or proposal which fails to provide the required forms or which does not comply with the terms and conditions of the solicitation, may be considered as non-responsive and rejected. Bid submittals which contain an alternate bid(s) shall not be considered responsive and may be disqualified unless the solicitation specifically authorizes the submission of alternate bids. Responsiveness is subject to the Procurement Administrator's determination if a "waiver of informalities" is applicable and appropriate.

7.2.12 Late Bids or Proposals

To be considered, all bids or proposals must be received at the specific office location stipulated by the procuring activity on or before the date and hour designated on the solicitation. Vendors should pay particular attention to ensuring that the bid or proposal is properly addressed. The City is not responsible if the bid or proposal does not reach the specific destination by the appointed time. Bids or proposals received after the date and hour designated are automatically disqualified and will not be considered. The official time used in the receipt of responses is the time on the clock or automatic time stamp machine located in the Purchasing Division's office. (Additionally, please see Section 7.2.5)

7.2.13 Tie Bids

In the case of a tie bid, preference shall be given to goods, services and construction produced in Chesapeake or provided by persons, firms or corporations having principal places of business in Chesapeake, if such a choice is available, otherwise the tie will be resolved by the toss of a coin. The coin toss must be witnessed and the results recorded by the Procurement Administrator or designee. This only applies to bids submitted pursuant to a written invitation to bid.

7.2.14 Withdrawal of Bid Due to Error

- a. A bidder for a public construction contract, other than a contract for construction or maintenance of public highways, may withdraw a bid from consideration if the bid price was substantially lower than the other bids due solely to a mistake therein, provided the bid was submitted in good faith, and the mistake was a clerical mistake as opposed to a judgment mistake, and was actually due to an unintentional arithmetic error or an unintentional omission of a quantity of work, labor or material made directly in the compilation of a bid, which unintentional arithmetic error or unintentional omission can be clearly shown by objective evidence drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn. If

a bid contains both clerical and judgment mistakes, a bidder may withdraw his bid from consideration if the price bid would have been substantially lower than the other bids due solely to the clerical mistake, that was an unintentional arithmetic error or an unintentional omission of a quantity of work, labor or material made directly in the compilation of a bid that shall be clearly shown by objective evidence drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn. In order to make a valid withdrawal from consideration, the bidder must follow the procedure for withdrawal set forth in the invitation to bid. A valid withdrawal is contingent on the following determinations, as determined by the Procurement Administrator or designee:

In order to make a valid withdrawal from consideration, the bidder must follow the procedure for withdrawal set forth in the invitation to bid. Such procedure must be set forth in the invitation for bid and may be one of the following procedures, as determined by the Procurement Administrator or designee:

1. The bidder shall give notice in writing of his or her claim of right to withdraw his or her bid within two business days after the conclusion of the bid opening procedure, and shall within the following two business days provide the objective evidence described in subsection B. of this section to satisfy the Procurement Administrator or designee that the grounds for such withdrawal do exist; or
 2. The bidder shall submit to the Procurement Administrator or designee his or her original work papers, documents and materials used in the preparation of the bid within one day after the date fixed for submission of bids. The work papers shall be delivered by the bidder in person or by registered mail at or prior to the time fixed for the opening of bids. The bids shall be opened one day following the time fixed for the submission of bids. Thereafter, the bidder shall have two hours after the opening of bids within which to claim, in writing, any mistake as defined herein and withdraw his or her bid. The contract shall not be awarded until the two-hour period has elapsed. Such mistake shall be proved only from the original work papers, documents and materials delivered as required herein.
- b. A bidder for a public contract, other than a contract for construction or maintenance of public highways, may withdraw a bid from consideration if a bid contains both clerical and judgment mistakes, a bidder may withdraw his bid from consideration if the price bid would have been substantially lower than the other bids due solely to the clerical mistake, that was an unintentional arithmetic error or an unintentional omission of a quantity of work, labor or material made directly in the compilation of

a bid that shall be clearly shown by objective evidence drawn from inspection of original work papers, documents and materials used in the preparation of the bid sought to be withdrawn. In order to make a valid withdrawal from consideration, the bidder must follow the procedure for withdrawal set forth in the invitation to bid.

- c. No bid shall be withdrawn under this section when the result would be the awarding of the contract on another bid of the same bidder or of another bidder in which the ownership of the withdrawing bidder is more than five percent.
- d. If a bid is withdrawn under the authority of this section, the lowest remaining bid shall be deemed to be the low bid.
- e. No bidder who is permitted to withdraw a bid shall, for compensation, supply any material or labor to or perform any subcontract or other work agreement for the person to whom the contract is awarded or otherwise benefit, directly or indirectly, from the performance of the project for which the withdrawn bid was submitted.
- f. The Procurement Administrator or designee shall notify the bidder in writing within five (5) business days of his decision regarding the bidder's request to withdraw its bid. If the Procurement Administrator or designee denies the withdrawal of a bid under the provisions of this subsection, the Procurement Administrator shall notify the bidder in writing, with the reasons for such decision. At the same time that the notice is provided, the Procurement Administrator shall return all work papers and copies thereof that have been submitted by the bidder.

Under these procedures, the mistake shall be proved only from the original work papers, documents and materials delivered as required herein. The work papers, documents and material submitted by the bidders shall, at the bidder's request, be considered trade secrets or proprietary information subject to the conditions of Virginia Code § 2.2-4342 subsection F.

- g. The Procurement Administrator, after consultation with and approval of the City Manager, may allow a vendor to withdraw his bid if not allowing the vendor to withdraw its bid would cause substantial hardship on the City. Additionally, the Procurement Administrator, after consultation with and approval of the City Manager and the City Attorney, may release a vendor from their bond obligations in conjunction with withdrawing the bid, or whether the vendor shall forfeit any bond as a requirement of allowing the vendor to withdraw the bid.

7.2.15 Bid Bonds/Deposits

When the Procurement Administrator or designee deems it necessary, bid bonds as bid security shall be required by the Invitation for Bid. Unsuccessful bidders shall be entitled to the return of security upon request to the Procurement Administrator. However, the release of a bid bond by a second low bidder may be delayed until the apparent first low bid review is completed and accepted by the City. A successful bidder shall forfeit any surety required by the Procurement Administrator in the Invitation for Bid upon failure on the bidder's part to enter into a contract within the specified time after the award, usually 10 days after notification of award. Bid security may be in the form of bid bonds or certified check, or some similar security approved by the City Attorney. Bid bonds and performance/payment bonds are generally required for construction projects which exceed \$500,000.00 or transportation-related projects authorized under Article 2 (§ 33.2-208 et seq.) of Chapter 2 of Title 33.2 that are in excess of \$250,000.00 and partially or wholly funded by the Commonwealth. (Please see §54-64 for more information).

7.3 Competitive Negotiation

7.3.1 Competitive Negotiation – Request for Proposals (RFP)

- A. A written Request for Proposals states in general terms that which is sought to be procured, specifying the factors that will be used in evaluating the proposal, indicating whether a numerical scoring system will be used in evaluation of the proposal, and containing or incorporating by reference the other applicable contractual terms and conditions, including any unique capabilities, specifications or qualifications that will be required. In the event that a numerical scoring system will be used in the evaluation of proposals, the point values assigned to each of the evaluation criteria shall be included in the Request for Proposal. In addition, if scoring will occur at different phases of the evaluation process, this must be stated in the RFP, along with the criteria and point values for each scored phase. Proposals are to be submitted sealed and clearly marked and addressed as prescribed in the solicitation.
- B. Public notice of the Request for Proposal at least 10 days prior to the date set for receipt of proposals by posting in a public area normally used for the posting of public notices and by publication in a newspaper of general circulation in the area in which the contract is to be performed so as to provide reasonable notice to the maximum number of offerors that can be reasonably anticipated to submit proposals in response to the particular request. Public notice may also be published on the City of Chesapeake's website or other appropriate websites. Additionally, the City of Chesapeake's website

will provide the public with centralized visibility and access to the City's procurement opportunities. In addition, proposals may be solicited directly from potential contractors.

7.3.2 Sealed Proposals - Receipt and Evaluation

- A. Public openings of Request for Proposals are not required. If a public opening is held, the names of the individuals or firms submitting proposals in a timely manner, is the only information read aloud and made available to the offerors and general public
- B. The proposals are evaluated by the Purchasing Division, or an evaluation team. (Please note that Professional Services are evaluated differently. See Section 7.3.4) As an option, evaluators may request presentations or discussions with offerors, as necessary, to clarify material in the Offerors proposals, to help determine those fully qualified and best suited. Proposals are evaluated on the basis of the criteria set forth in the RFP, using the scoring weights previously determined. Offerors who fail to submit required documentation or meet mandatory requirements, in such time, for evaluation purposes may be eliminated from further consideration. Two or more Offerors determined to be fully qualified and best suited are then selected for negotiation.
- C. Should the Procurement Administrator or designee determine in writing and in his or her sole discretion that only one Offeror is fully qualified or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror. If multiple awards are contemplated, and should the Procurement Administrator or designee determine that two or more Offerors are more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to the number of Offerors in the best interest of the City.
- D. In the event that multiple awards are contemplated by the solicitation, Section 7.3.3 and Subpart B.4 of Section 7.3.4 should not be construed to preclude simultaneous negotiation with more than one offeror. Specifically, negotiations may be made simultaneously with a number of offerors that corresponds with the number of awards contemplated. If negotiations are terminated with any offeror, negotiations may proceed with the next mostly highly ranked offeror with which negotiations have not yet commenced until the desired number of contracts are awarded.

7.3.3 Negotiation and Award For Other Than Professional Services

- A. Negotiations are conducted with at least two Offerors so selected unless a written determination is made as provided in Subpart C of Section 7.3.2. Negotiation allows modification of proposals, including price, but the Procurement Administrator or designee shall not consider any modifications to terms and conditions stated in the RFP

for which the offeror's written proposal did not include any exceptions. Offers and counter-offers may be made as many times with each Offeror as is necessary to secure a reasonable contract. The Procurement Administrator selects the Offeror which, in its opinion, has made the best proposal. In all instances, written confirmation shall be obtained from the Offeror of any modifications to the original proposal. Should the Procurement Administrator or designee determine in writing and in his or her sole discretion that only one Offeror is fully qualified or that one Offeror is clearly more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to that Offeror. Once an Intent to Award notice is posted, no further negotiation shall be conducted.

- B. When a provision for receiving best and final offers (BAFO) is included in the RFP, after negotiations, Offerors are given the opportunity to submit a best and final offer. The Offeror's proposal, if already received and scored, may be rescored to combine and include the information contained in the BAFO with the technical evaluation score previously assigned, and the award decision made. The contract file shall be documented to show the basis for the award, and include the final rescoring of the proposals following negotiation and receipt of best and final offers.
- C. For competitively negotiated procurements, once evaluation and negotiations have been completed with selected Offeror(s), the Purchasing Division may prepare a written narrative summarizing the rationale for the criteria that are developed for each proposal negotiated. The summary shall address the merits of the proposal relative to the evaluation criteria. The City is not however, required to furnish a statement of the reason why a particular proposal was not deemed to be the most advantageous (*Code of Virginia, § 2.2-4359D*). Only offerors may inspect the proposal records after evaluation and negotiations are complete, but prior to award (*Chesapeake City Code §54-75 and Code of Virginia, §2.2-4342(D)*). Once negotiations have been finalized, the Purchasing Division staff shall complete an evaluation summary and place in the procurement file. This worksheet for each Offeror negotiated with should be a compilation of the evaluation committee's ratings.
- D. The City may cancel a RFP, or reject proposals at any time prior to making an award (*City Code Section 54-68*).
- F. The award documents shall incorporate, by reference, the terms and conditions of the RFP and the contractor's proposal, together with all written modifications thereof.

7.3.4 Procurement of Professional Services

Negotiation and award generally follows the same procedure as stated in Section 7.3.3, except that discussions by interview with two or more offerors is required, unless Subpart B.4.iii below applies, and, the RFP shall not request that offerors furnish estimates of man-hours or cost for services prior to the discussion stage at which time nonbinding estimates may be discussed. Also, in the case of term (oncall or ID/IQ) contracts for architectural and engineering services, multiple awards may only be made if provided in the RFP and if the using department has (or the RFP states) a procedure for distributing multiple projects among contractors during the contract term that is not based solely on price.

Professional Service projects shall be divided into two categories known as major and minor. Major projects will be those for which estimated professional services costs will be more than \$100,000 in the aggregate or for the sum of all phases of a contract or project. Minor projects are those for which the estimated professional services costs will be equal to or less than \$100,000.

A. PROFESSIONAL SERVICES SELECTION COMMITTEE

1. Professional Services Selection Committee For Major Projects

There shall be a Selection Committee for major projects as defined above. The Committee shall be appointed by the City Manager and shall be composed of no less than five (5) members and can increase to 7 or 9 members in composition. The using department members shall not constitute a majority. The membership shall be appointed as follows:

- i. Director or designee of the sponsoring department or agency that is responsible for the project under consideration by the Committee.**
- ii. Representative of Purchasing Division. (Required)**
- iii. Representative of City Attorney's Office as designated by the City Attorney. (Required)**
- iv. Director or designee from at least one additional City department, other than the using Department.**

2. Professional Services Selection Committee For Minor Projects

A Selection Committee for minor projects as defined above shall be appointed by the City Manager and shall be composed of no less than three (3)

members. The using department members shall not constitute a majority. The membership shall be appointed as follows:

- i. The members shall be from any combination of members in Section A(1)(i-iv) above.
- ii. In the event the Procurement Administrator and director or designee of the using department or agency determines that it is in the City's best interests not to assemble a professional services selection committee for minor projects, the Procurement Administrator and director or designee shall submit in writing to the City Manager a written explanation of the basis for such a determination. With the concurrence of the City Manager, a selection committee need not be assembled. However, the City's small purchasing policy for services shall be followed to the extent not inconsistent with City Code and/or the Code of Virginia.

3. Additions to Membership

All requests for additions to the above shall be made to the City Manager. Should the scope or characteristics of a particular project be such as to merit special knowledge, technical, financial or otherwise, or special advisory assistance, the City Manager may appoint an additional member or members, not exceeding four additional voting members, to the Committee. Such members shall have full voting privileges and shall act consistent with this procedure. These appointments may be from within or outside the City government. Such appointees shall serve only for the period or periods of consideration of the particular project and shall be subject to all provisions of this procedure. This provision does not preclude non-voting members from participating in interviews, evaluation, or negotiations for the purpose of providing specialized or technical expertise to voting members.

4. Departmental Request for Professional Services Selection Committee Appointment

All City departments and agencies shall forward to the City Manager, in writing, all requests for Professional Services Selection Committee appointments. Included in the request, the requesting department or agency shall certify that sufficient funds are available in the budget for the project. The request shall include a description of the work to be performed and type of professional services to be utilized. The using department shall define, in general terms, the scope of the project and identify the various project components and phases which shall include the following, as appropriate:

- i. A description of the work, its objectives and its component functions, together with their inter-relationships.
- ii. The nature of the specific tasks and services to be provided by the consultant. (Including permits, etc.)
- iii. The type and amount of assistance to be given by the City.
- iv. The location and boundaries of a capital project, if available.
- v. Total area or space limitations for a capital project together with any minimum standards for specific functions, if present/available.
- vi. Required time frame for completing the work requested.
- vii. Any financial conditions or limitations on the cost or other factors.

The using department shall further determine and advise the degree, if any, of Federal or State participation in the project. This is to be determined as early as possible since certain planning, consultant selection, obligations to adhere to Federal statutes, impact statements, design criteria, etc., may be prerequisite for Federal and State assistance.

B. PROCESS OF SELECTION

1. Professional Services Selection Committee Procedures

The committee shall adhere to the following procedures:

- i. All selection committee meeting records are to be kept by the Procurement Administrator consistent with the City's record retention policy and are subject to the VPPA, FOIA and City Code Section 54-75. Voting and scoring results shall be maintained as part of the records.
- ii. A summary table highlighting each firm's compliance with the RFP requirements may be provided by the Procurement Administrator or designee prior to receipt of scores from committee members on the written proposals for purposes of developing a short-list for discussions by interview. The committee may meet to discuss matters including completeness of a proposal and the selection process prior to the finalization of scores. Unless an offeror receives

a written determination as provided in Subpart B.4.iii below, the Procurement Administrator or designee shall finalize a short-list of offerors at his discretion after aggregating the scores of each committee member and considering the recommendation of the committee as to the short-list.

- iii. Notices of committee meetings shall be provided to members in writing at least five (5) days prior to a meeting by the Procurement Administrator. .
- iv. The Procurement Administrator or designee will establish a schedule for the completion of the selection process.

2. Evaluation Criteria

The Committee shall consider proposals that comply with the requirement contained in the RFP. Based on an analysis of the proposals submitted by the offerors, the Committee shall rate the offerors considered to be the highest qualified by virtue of the selection criteria stated in the RFP such as; technical competence, responsiveness, general background, experience, availability and other qualifications, for the type of professional services required. The following suggested criteria shall be rated on a scale of 1-10, with (10) being the most desirable. Other criteria may be substituted or included depending on the project. Each of the criteria shall be weighted by the Committee, with the weight assigned to each factor as specified in the RFP.

- i. Specialized experience and technical expertise of the firm in the type of work required, including demonstrated comparable experience with projects similar to the City identified project.
- ii. Record in accomplishing work on other projects in the required time, and within cost outline and the fee proposal.
- iii. Availability and responsiveness of project personnel relative to a specific scope of work.
- iv. Quality of work previously performed for or reviewed by the City, or for other municipalities, if any; or performance of work on comparable projects.
- iv. Qualifications, competence, and depth of key personnel to be assigned to the project.

- v. Response during project, follow-up during project, and follow-up after project completion.
- vi. Project specific criteria as stated in the RFP.
- vii. Proposed schedule/time frame to complete the work.
- x. The offeror's responsiveness to the City's request or outline of services for the work as set forth in the RFP.

Where the average rating among Committee members for criteria ii and iv above, either or both, is less than 5, the offeror may be deemed to be not responsible. The committee shall consult with the Procurement Administrator who shall have discretion whether to request additional information from the offeror or to declare such offeror to be not responsible in accordance with City Code Section 54-116, subsections (b) or (c).

3. Interview Process/Oral Presentations (Discussion Stage)

- i. Unless an offeror receives a written determination as provided in Subpart B.4.iii below, the Committee shall hold an individual interview with at least the top two offerors deemed most qualified, responsible, and suitable on the basis of the initial responses to the RFP.
- ii. The offerors shall be encouraged to elaborate on their qualifications and performance data, or staff expertise pertinent to the proposed project, as well as alternative concepts. The offerors shall also be encouraged to present the methodology for approaching the work specified in the RFP, as well as proposed deliverables to satisfy the City's request as set forth in the RFP.
- iii. At the discussion stage, the Committee may discuss with the offerors nonbinding estimates of total project costs, including but not limited to, life-cycle costing, and where appropriate, nonbinding estimates of price of services. Further, the Committee may discuss all issues related to the qualifications and expectations for the work to be performed. Proprietary information for which confidentiality is properly invoked (at the time of or prior to submission) for protection from disclosure to competing offerors shall not be

disclosed to the public or to competitors as required by City Code Section 54-75.

- iv. At the conclusion of the discussion stage, on the basis of evaluation factors published in the RFP for the discussion stage, and all information developed in the selection process and the offeror's responses, the Committee will score the short listed offerors and shall make a recommendation to the Procurement Administrator in the order of preference, two or more offerors whose professional qualifications and proposed services are deemed most meritorious.
- v. Upon reaching this decision, the Committee Chairperson shall prepare a report to the Procurement Administrator including a listing of the names of the offerors and the order in which they are ranked for award pending successful negotiations.

4. Negotiations

- i. Negotiations shall be conducted by the Procurement Administrator, or designee(s), with the offeror ranked first. If a contract satisfactory and advantageous to the City can be negotiated at a price considered fair and reasonable, and which defines precisely the scope of services to be provided, conditions of the professional agreement, work plan and schedule, personnel and method of payment, the award of the contract shall be made to that offeror. Otherwise, negotiations with the offeror ranked first shall be formally terminated as set forth below, and negotiation conducted with offeror ranked second, and so on until such a contract can be negotiated at a fair and reasonable price. During negotiations, the Procurement Administrator or designee shall not consider any modifications to terms and conditions stated in the RFP for which the offeror's written proposal did not include any exceptions.
- ii. If negotiations with the offeror ranked first are to be terminated, the Procurement Administrator shall forward a notice of intent to terminate negotiations to the City Manager, with an explanation of the points which cannot be agreed upon, requesting the City Manager's concurrence in this action. Upon receipt of the City Manager's concurrence, the Procurement Administrator shall promptly notify the offeror in writing and then begin negotiations with the offeror chosen second.

- iii. Should the Procurement Administrator determine in writing and in his or her sole discretion that only one offeror is fully qualified, or that one offeror is clearly more highly qualified and suitable than any other offeror under consideration, a contract may be negotiated and awarded to that offeror. If multiple awards are contemplated, and should the Procurement Administrator or designee determine that two or more Offerors are more highly qualified and suitable than the others under consideration, a contract may be negotiated and awarded to the number of Offerors in the best interest of the City. If the Procurement Administrator and the offeror cannot reach agreement, their negotiations shall be terminated in writing as provided in Subpart ii, above.
- iv. Upon completion of negotiations, a contract or formal agreement with the offeror(s) shall be executed by the offeror(s) and submitted to the City Attorney for review and approval as to form, and then shall be forwarded to the City Manager for signature. To avoid unanticipated delays or an impasse on terms, it is recommended that the City Attorney be consulted to approve a proposed contract template to be included in the RFP and to be consulted during negotiations as to any proposed changes in terms. The Procurement Administrator shall notify the unsuccessful candidates in writing.

7.4 Emergency Procurement

It is imperative that the City of Chesapeake responds quickly in procuring the required materials, supplies, equipment and/or services when an emergency condition exists. The term "emergency" shall mean a serious and urgent matter that demands immediate action. The potential loss of funds at the end of the fiscal year shall not standing alone, constitute an emergency.

In case of an emergency, a contract may be awarded without competitive sealed bidding or competitive negotiation; however, such procurement shall be made with such competition as is practicable under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the contract file. Emergency requests for the purchase of goods or services valued at \$100,001.00 or more shall be submitted to the City Manager or designee for approval. Emergency requests for the purchase of goods or services valued at \$100,000.00 or less shall be submitted to the Procurement Administrator or designee for approval. The Procurement Administrator or

designee shall issue a written notice for all emergency purchases stating that the contract is being awarded on an emergency basis, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded.

7.4.1 Authorization

No determination or notice of emergency shall be final until approved by the City Council. In the event of an emergency that poses an imminent threat to the public health, safety or welfare, as determined by the City Manager, a contract may be awarded by emergency procurement without prior approval of the City Council, provided that post-emergency approval is obtained as soon as circumstances permit.

7.5 Sole Source Procurement

A sole source procurement is authorized when there is only one source practicably available for the goods or services required. Competition is not available in a sole source situation; thus distinguishing it from a proprietary purchase where the product required is restricted to the manufacturer(s) stipulated. Proprietary procurements are those in which there is only one solution to meet a department's needs. However, if the goods or services are available from suppliers, vendors or distributors, competition is available. Therefore, the sole source process does not apply for these proprietary procurements. Additionally, a sole source justification based solely on a single vendor's capability to deliver in the least amount of time is not appropriate since availability alone is not a valid basis for determining a sole source procurement.

Note: For sole source requirements exceeding \$5,000, a written quotation must be obtained from the vendor.

7.5.1 Approval for Sole Source Procurements

All sole source procurements for goods and services must be approved in advance by the Procurement Administrator and department head or designee. The written determination, using the "Sole Source Procurement Approval Request" form, documenting that there is only one source practicably available for that which is to be procured, must be included in the procurement file. In addition, a memorandum must accompany the request form, which addresses the following points:

- Explain why this is the only product or service that can meet the needs of the purchasing agency.
- Explain why this vendor is the only practicably available source from which to obtain this product or service.
- Explain why the price is considered reasonable.

- Describe the efforts that were made to conduct a noncompetitive negotiation to get the best possible price for the taxpayers.
- The writing shall document the basis for the determination, which should include any market analysis conducted in order to ensure that the good or service required was practicably available from only one source.

Sole source procurements that originally included a renewal provision, for which approval for multi- years was obtained, do not need to be forwarded for approval until expiration of the term for which approval was obtained. In addition, a memorandum must accompany the request form, which addresses the four points mentioned above. Once written approval has been given, departments may proceed with the procurement.

7.5.2 Negotiating an Agreement

Upon satisfying the sole source procurement requirements, an agreement shall be negotiated and a purchase order issued without competitive sealed bidding or competitive negotiation.

7.5.3 Price Reasonableness Determination

The requesting department should carefully research the good or service and determine in writing what is a fair and reasonable price.

7.5.4 Posting Requirements

Notice shall be posted in a designated public area and, in addition, the notice may be published in a newspaper of general circulation and additionally, may be posted on the City's website or other appropriate website, on the day the procurement administrator or designee awards or announces his or her decision to award the contract, whichever occurs first. All sole source procurement award notices shall at a minimum, state that only one source was determined to be practicably available and must also state that which is being procured, the contractor selected, and the date on which the contract was or will be awarded.

7.5.5 Award Document

Purchasing Division will issue an award document (PO and/or contract) for sole source purchases in accordance with the provisions of this manual. When a quote has been obtained from the vendor and no further negotiations are needed, a purchase order is acceptable. The Purchasing Division shall execute a contract that includes but is not limited to the scope of work, period of performance, compensation, reporting requirements and appropriate terms and conditions.

7.6 Joint and Cooperative Procurement

- A. The City of Chesapeake may participate in, sponsor, conduct, or administer a joint procurement agreement on behalf of or in conjunction with one or more other public bodies, or public agencies or institutions or localities of the several states, of the United States or its territories, the District of Columbia, the U.S. General Services Administration, or the Metropolitan Washington Council of Governments, for the purpose of combining requirements to increase efficiency or reduce administrative expenses in any acquisition of goods, services, or construction (as allowed by the Code of Virginia).
- B. In addition, the City of Chesapeake may purchase from another public body's contract or from the contract of the Metropolitan Washington Council of Governments or the Virginia Sheriffs' Association even if it did not participate in the request for proposal or invitation to bid, if the request for proposal or invitation to bid specified that the procurement was a cooperative procurement being conducted on behalf of other public bodies, except for Contracts for architectural or engineering services. Construction and related joint and cooperative purchase agreements shall require the approval of the City Manager and City Attorney, or their designees. Nothing in this subdivision shall be construed to prohibit sole source or emergency procurements awarded pursuant to subsections E and F of Virginia Code § 2.2-4303.
- C. Any cooperative contract or arrangement under which any fees, incentives or financial terms, direct or indirect, may be rebated, paid, or credited to the City of Chesapeake require the prior approval of Procurement Administrator.
- D. Use of joint or cooperatives agreements are not authorized unless approved by the City's Procurement Administrator. To approve the use of a cooperative or joint procurement the Purchasing Division must determine that the contracts comply with City Code Section 54-74.

7.7 Construction Contracts

7.7.1 Design-Build and Construction Management

The competitive sealed bid process remains the preferred method of construction procurement, but a design-build or construction management contract may serve the public interest given its particular facts and circumstances. Virginia Code Section 2.2-4382 grants the City, the authority to enter into a design-build or construction management contract on a fixed price or not-to-exceed price basis (for projects other than those funded in whole or part by state or federal transportation funds), provided that the City complies with certain requirements including adoption of procedures governing the selection, evaluation, and award of design-build and construction management contracts consistent with procedures adopted by the Secretary of Administration for utilizing design-build or construction management contracts. If state or federal transportation funds are used for the contract, the City shall comply with Virginia Code Section 33.2-209, and shall request from the Virginia

Department of Transportation the authority to administer the project in accordance with pertinent state and federal guidelines.

7.7.2 Guidelines for Selection, Evaluation and Award

The procedures provided in the Guidelines for the Selection, Evaluation, and Award of Design-Build and Construction Management Contracts (Guidelines) may be only amended by act of City Council or by contrary, mandatory provisions of state or federal law; however, the City Manager (or designee) is authorized to the fullest extent permitted by law to implement these Guidelines and take action on behalf of the City with respect to any matter or instance in which the Guidelines reference "City." Nothing in the Guidelines shall affect the duty of the City to comply with all applicable local, state, and federal laws and regulations.

A complete copy of the City of Chesapeake's Design-Build and Construction Management Contracts (Guidelines) is available on the Purchasing Division's web page at:

<http://Citypoint/Departments/PurchasingProcurement/Pages/default.aspx>

7.7.3 Bonding and Retainage

Contractors shall comply with all terms and requirements relating to bonding and retainage as prescribed in Section 54-64 and 54-69 of City Code and/or as required in the contract documents.

7.8 Multi-Step Sealed Bidding

7.8.1 Multi-Step Sealed Bidding or Two-step Competitive Sealed Bidding

This solicitation method is used when it is considered impractical to initially prepare a purchase description to support an award based on price. In such instances an IFB is issued requesting the submission of unpriced technical proposals, to be followed by an IFB for a price. The second solicitation is limited to those bidders whose offers have been qualified under the criteria set forth in the first solicitation. There is no negotiation in the two-step competitive bid process; however, the agency at its option may request information from bidders to clarify material contained in their technical proposals.

7.8.2 Procedure for Two-Step Competitive Sealed Bidding.

- A. Step One. Prepare an IFB requesting a technical proposal. The solicitation describes the City's requirement in general terms and asks for a technical proposal describing how the bidder intends to meet the City's requirements and what goods, equipment, and

service, as applicable, will be furnished. The City will specify any mandatory technical data and information to be submitted in the proposal and any optional information it so desires. The solicitation should explain the two-step procedure and emphasize that the technical proposal is not to include the bid price. It should indicate if a pre-bid conference will be conducted and if attendance is mandatory or optional. The proposals are publicly opened, and the names of the firms submitting proposals are announced. The City then evaluates and selects those proposals which will meet its needs, based on the mandatory criteria specified in the solicitation. The City may request written or oral discussions from bidders to clarify or amplify the material in the proposal. The contents of the technical proposal are not subject to negotiation and must be evaluated as submitted. The proposals are not ranked but are determined to be acceptable or not for meeting the agency's needs. Only those responsive bidders whose technical proposals were determined to be acceptable will be invited to submit a bid price.

- B. Step Two. Prepare an IFB to include a pricing schedule, reference the request for technical proposal title and number, and set a specific date and time for receipt of sealed bids. A public opening is held. Bids are evaluated, and the contract is awarded to the lowest responsive and responsible bidder. The award document shall incorporate by reference the terms and conditions of the solicitation, the contractor's technical proposal, and the bid price.

7.8.3 Combined Two-Step Competitive Sealed Bidding

The two steps can be combined by requiring the offerors who respond to the solicitation to furnish their unpriced technical proposals in one sealed envelope and their bid prices in a second sealed envelope at the same time. The solicitation instructions must specify that the responses are to be submitted in two separate sealed envelopes - one marked "Technical Proposal" and the other "Bid Price." If the solicitation is a combined two-step IFB, the offerors should be instructed to identify both the technical proposal and pricing envelope with the offeror's name, company name and address, and bid reference number. The technical proposals are opened and evaluated as described in 7.8.2 A. Once a determination is made by the City of an acceptable technical proposal, then only the price envelopes for those technical proposals selected as acceptable are opened. The award is made to the lowest responsive and responsible bidder. The award document will incorporate by reference the terms and conditions of the solicitation and include the contractor's technical proposal and the bid price.

7.8.4 Negotiation with the Lowest Responsible Bidder

If all bids exceed available funds as certified by the appropriate fiscal officer, and the low responsive and responsible bid does not exceed such funds by more than five percent, the Procurement Administrator or designee is authorized, where permitted by law, in situations where time or economic considerations preclude resolicitation of work or a reduced scope, to negotiate an adjustment of the bid price, including changes in the bid requirements, with the low responsive and responsible bidder, in order to bring the bid within the amount of available funds.

7.9 Purchases Exempt from Competition

Departments should always strive to purchase competitively ; however purchases may be made without competition for the purchase of goods or services which are performed or produced by the following, however a requisition, invoice and a purchase order shall be issued when procuring the below listed services and goods as applicable:

1. Persons, or in schools or workshops, under the supervision of the Virginia Department for the Blind and Vision Impaired;
2. Employment services organizations that offer transitional or supported employment services serving individuals with disabilities.
3. Contracts may be entered into without competition for legal services or expert witnesses and other services associated with litigation or regulatory proceedings.
4. The term of an existing contract for services may be extended to allow completion of any work undertaken but not completed during the original term of the contract.
5. Any City department, board or agency administering public assistance and social services programs as defined in the Code of Virginia, § [63.2-100](#), community services boards as defined in the Code of Virginia, § [37.2-100](#), or any public body purchasing services under the Comprehensive Services Act for At-Risk Youth and Families (§ [2.2-5200](#) et seq.) or the Virginia Juvenile Community Crime Control Act (§ [16.1-309.2](#) et seq.) for goods or personal services for direct use by the recipients of such programs if the procurement is made for an individual recipient. Contracts for the bulk procurement of goods or services for the use of recipients shall not be exempted from the requirements of § [2.2-4303](#), and the Chesapeake Integrated Behavioral Healthcare may procure goods or personal services for direct use by the recipients of such programs without competitive

sealed bidding or competitive negotiations if the procurement is made for an individual recipient or family.

6. Conference and Seminar Registrations.
7. Travel related hotel lodging for seminars and/or conferences.
8. Honoraria, entertainment (speakers, lecturers, musicians, performing artists).
9. Training that is specialized, proprietary, or not typically available to the general public for which competition is generally unavailable.
10. Royalties and film rentals when only available from the producer or protected distributors.
11. Professional Organizational Membership dues.
12. Books, preprinted materials, reprints and subscriptions (e.g., print or electronic), prerecorded audio and video cassettes, compact discs, slide presentations, etc., when only available from the publisher/producer.
13. Artists (does not include graphic artists); original works of art; and original, or authentic antique period art frames (does not include newly created replacement or reproduction frames).
14. Advertisements such as in newspapers, magazines, journals, radio, television, etc.
15. Government to Government purchases of goods or services.
16. Public Utilities, as provided in Virginia Code §2.2-4345 or other applicable law.
17. Rare and historic manuscript, printed and photographic materials (e.g. books, ephemera, maps, manuscripts, photographs, and prints) that are one of a kind or exist in very limited supply.
18. Subject to other exceptions as provided by Virginia Code Section 2.2-4343 et seq., or another exception verified by the City Attorney or designee.

8.0 PREQUALIFICATION OF CONTRACTORS

8.1 Prequalification Procedures for Construction Contracts

As authorized by City Code Section 54-117, the City will utilize these procedures when the Procurement Administrator determines that prequalification of bidders for a particular

construction contract is in the City's best interests. When prequalification is used, consideration of bids for the contract shall be limited to prequalified contractors. A particular solicitation may specify a particular prequalification procedure as approved by the Procurement Administrator, but in the absence of any prequalification procedure tailored to a specific project, the following provides a default procedure for construction contracts in which the Procurement Administrator determines to use prequalification. As provided in City Code Section 54-3, a "construction" contract is one involving the building, altering, repairing, improving or demolishing of any public structure, building or highway, and any draining, dredging, excavation, grading or similar work upon any real property. These default prequalification procedures do not apply to design-build or construction management contracts.

8.1.1 Objective

The objective of prequalification shall be to qualify as many contractors as possible to bid on the proposed work. Prequalification is most frequently used for projects with sophisticated building systems, a unique site or constructability issue or where project scheduling or sequencing is critical.

8.1.2 Application and Evaluation Procedure

A. Advance Notice of Prequalification Requirement

In all instances in which the City requires prequalification of potential bidders, advance notice shall be given for the deadline for the submission of prequalification applications. Such notice shall be given sufficiently in advance of the bid receipt date to allow potential contractors a fair opportunity to complete the prequalification process. The notice shall be advertised in the same manner as the City advertises its Invitation for Bids. The date set for receipt of applications for prequalification shall be at least thirty (30) calendar days from the date the advance notice is first advertised by the City.

B. Application Form

Except as provided in Section 8.1.2 D, any contractor applying for prequalification shall fully complete the Standard Form for Contractor's Statement of Qualifications (or any substantially similar form provided by the Procurement Administrator or designee), which shall be the application form for prequalification for a particular construction contract. When the application form is provided to interested contractors, the City shall furnish to the contractor the minimum qualification criteria for the proposed construction contract. Such qualification criteria shall be

sufficiently general so that contractors with the qualifications and experience to satisfactorily complete the proposed project will not be arbitrarily excluded. Experience criteria shall be expressed in terms related to the construction, such as functional type (e.g., maximum security prison, office building, and courthouse); height and physical size; systems to be installed; and similar criteria.

C. Evaluation of Applications

(1) The City Manager or designee shall establish a committee (“the Construction Prequalification Committee”) of at least four (4) City employees to evaluate applications for prequalification. Of these, one shall be a certified professional employed in the City’s Purchasing Division; one shall be the project manager for the proposed project; one shall be a licensed architect or engineer employed in the City’s Public Works or Public Utilities Department and one shall be a representative of the Finance Department. The City Manager or designee may also appoint advisors to assist the Construction Prequalification Committee in evaluating applications for a particular construction project. Such advisors may be City employees or any private architect or engineer retained by the City for the project.

(2) The Construction Prequalification Committee shall review all applications for prequalification and shall make a written recommendation to the Procurement Administrator or designee whether the contractor should be prequalified for the project. If the committee recommends that prequalification of a contractor should be denied, its written recommendation shall state the basis for such recommendation.

D. Exception to Prequalification Procedures for Road, Bridge or Drainage Projects

For road, bridge or drainage projects for which the City requires prequalification, contractors who are in good standing on the Virginia Department of Transportation’s prequalification list shall not be required to submit an application form but shall instead submit a sworn declaration of such good standing to the Procurement Administrator or designee, within the time prescribed for submission of application forms. Such contractors shall automatically be prequalified for the project without review by the committee.

8.1.3 Denial of Prequalification

As provided in Virginia Code §2.2-4317, the City shall deny prequalification to any contractor only if the City finds at least one of the following:

- A. The contractor does not have sufficient financial ability to perform the contract. Evidence that the contractor can acquire a surety bond from a corporation included

on the United States Treasury list of acceptable surety corporations in the amount and type required for the project shall be sufficient to establish financial ability;

- B. The contractor does not have appropriate experience to perform the construction project in question;
- C. The contractor or any officer, director or owner thereof has had judgments entered against him within the past ten (10) years for the breach of contracts for governmental or nongovernmental construction;
- D. The contractor has been in substantial noncompliance with the terms and conditions of prior construction contracts with a public body without good cause. If the City has not contracted with the contractor in any prior construction contracts, the City may deny prequalification if the contractor has been in substantial noncompliance with the terms and conditions of a comparable public body without good cause. The City may not utilize this provision to deny prequalification unless the facts underlying such substantial noncompliance were documented in writing in the prior construction project file and such information relating thereto given to the contractor at that time, with opportunity to respond;
- E. The contractor or any officer, director, owner, project manager, procurement manager or chief financial official thereof has been convicted within the past ten (10) years of a crime related to governmental or nongovernmental construction or contracting.
- F. The contractor or any officer, director or owner thereof is currently debarred pursuant to an established debarment procedure from bidding or contracting by any public body, agency of another state or agency of the federal government; and
- G. The contractor failed to provide to the City in a timely manner any information requested by the City relevant to subsections A through F above.
- H. The contractor submits a false Sworn Declaration of Good Standing under Section 8.1.2.

8.1.4 Written Notification of Prequalification Decision

At least thirty (30) days prior to the date established for submissions of bids under the procurement of the contract for which the prequalification applies, the Procurement Administrator or designee shall advise in writing each contractor who submitted an application (or a Sworn Declaration of Good Standing with VDOT pursuant to Section 7.8.2 D) whether that contractor has been prequalified. In the event that a contractor is denied prequalification, the written notification to the contractor shall state the reason(s) for the denial of prequalification and the factual basis of such reason(s). Such written denial of prequalification shall be mailed by U. S. mail and shall be either sent by facsimile

transmission or electronic mail ("e-mail") to the contractor at the facsimile number/e-mail address provided on the application or sworn certification form. Such denial shall be final and conclusive unless the contractor appeals the decision as provided in Section 8.1.5. A bidder shall have the opportunity consistent with Va. Code Section §2.2-4358 to inspect any documents that relate to an adverse prequalification decision within five business days of receipt of notice of such decision.

8.1.5 Appeal of Denial of Prequalification

Within ten (10) City business days after receipt of the notification, a contractor denied prequalification may submit rebuttal information challenging the denial of prequalification to the Procurement Administrator or designee. Within five (5) City business days after receipt of any rebuttal information, the Procurement Administrator or designee will issue a written decision on denial of prequalification based on all information in the City's possession, including the contractor's rebuttal information. Such decision shall state the basis on which the decision is made. It shall be mailed by U. S. mail and shall be either sent by facsimile transmission or electronic mail ("e-mail") to the contractor at the facsimile number/e-mail address provided on the application or sworn certification form. Such decision shall be final and conclusive unless the contractor appeals the decision by instituting legal action pursuant to Virginia Code § 2.2-4364, within ten (10) calendar days after receipt of the decision.

8.1.6 Timeline for the Prequalification Process

	Estimated Timeline*
Prepare Questionnaire	10 days
Advertise for Qualification Statements	30 days
Receive Statements	1 days
Review Statements	14 days
Check Reference	14 days
Issue Notifications	5 days
Appeal Period	10 days
Review of Appeal	10 days
Issue Final Decision	5 days
Advertise for and Receive Bids	30 days
	*Times may be adjusted due to complexity of project.

8.2 Prequalification Of Contractors (other than Construction Contracts)

Any prequalification of prospective contractors for construction by the City shall be pursuant to the prequalification process for construction projects as set out in Section 8.1 herein.

8.2.1 Procedure for Prequalification

The procedure for prequalification shall be conducted in accordance with Section 2.2-4317, Code of Virginia, 1950, and City Code Section 54-117, as amended. At least 30 days prior to the date established for submission of bids or proposals under the procurement of the contract for which the prequalification applies, the City shall advise in writing each contractor who submitted an application whether that contractor has been prequalified. In the event that a contractor is denied prequalification, the written notification to the contractor shall state the reasons for the denial of prequalification and the factual basis of such reasons.

(A) The Procurement Administrator or designee may establish a committee ("the Prequalification Committee") of at least four (4) City employees to evaluate applications for prequalification. Of these, one shall be a certified professional employed in the City's Purchasing Division; one shall be the project manager for the proposed project; one shall be the City Attorney or designee; and one shall be a representative of the Finance Department. The Procurement Administrator or designee may also appoint advisors to assist the Prequalification Committee in evaluating applications for a particular project. Such advisors may be City employees or any private consultant retained by the City for the project.

(B) The Prequalification Committee shall review all applications for prequalification and shall make a written recommendation to the Procurement Administrator or designee whether the offeror should be prequalified for the project. If the committee recommends that prequalification of a contractor should be denied, its written recommendation shall state the basis for such recommendation.

8.2.2 Denial of Prequalification

A decision by the City denying prequalification under the provisions of this subsection shall be final and conclusive unless the contractor appeals the decision as provided in Virginia Code § 2.2-4357. The City may deny prequalification to any contractor only if the City finds one of the following:

- A. The contractor does not have sufficient financial ability to perform the contract that would result from such procurement. If a bond is required to ensure performance of a contract, evidence that the contractor can acquire a surety bond from a corporation included on the United States Treasury list of acceptable surety corporations in the amount and type required by the City shall be sufficient to establish the financial ability of the contractor to perform the contract resulting from such procurement;
- B. The contractor does not have appropriate experience to perform the project in question;
- C. The contractor or any officer, director or owner thereof has had judgments entered against him within the past ten years for the breach of contracts with governmental or nongovernmental contracts;
- D. The contractor has been in substantial noncompliance with the terms and conditions of prior contracts with the City without good cause. If the City has not contracted with a contractor in any prior contracts, the City may deny prequalification if the contractor has been in substantial noncompliance with the terms and conditions of comparable contracts with another public body without good cause. The City may not utilize this provision to deny prequalification unless the facts underlying such substantial noncompliance were documented in writing in the prior construction project file and such information relating thereto given to the contractor at that time, with the opportunity to respond;
- E. The contractor or any officer, director, owner, project manager, procurement manager or chief financial official thereof has been convicted within the past ten years of a crime related to governmental or nongovernmental contracting, including, but not limited to, a violation of (i) Article 6 (§ 2.2-4367 et seq.), (ii) the Virginia Governmental Frauds Act (§ 18.2-498.1 et seq.), (iii) Chapter 4.2 (§ 59.1-68.6 et seq.) of Title 59.1, or (iv) any substantially similar law of the United States or another state;
- F. The contractor or any officer, director or owner thereof is currently debarred pursuant to an established debarment procedure from

bidding or contracting by any public body, agency of another state or agency of the federal government; and

- G. The contractor failed to provide to the City in a timely manner any information requested by the City relevant to subdivisions 1 through 6 of this subsection.
- H. The City shall deny prequalification to any contractor who fails to register and participate in the E-Verify program as required by Virginia Code § 2.2-4308.2.

8.2.3 Notice

When it has been determined that it is the City's intent to prequalify potential offerors, public notice for potential prequalification shall be posted in a public area and published in a newspaper of general circulation at least 10 days prior to the date set to receipt of qualifications. In addition, the City may solicit directly from potential offerors. The notice shall direct all potential offerors to obtain an application form to submit for the purpose of complying with the prequalification process. This application form shall include the criteria that will be used in determining prequalification. The notice shall state a deadline (date and time) for all interested offerors to submit their qualifications.

8.2.4 Application Form

The application form used in the prequalification process shall set forth the criteria upon which the qualifications of prospective offerors will be evaluated. The application form shall request of prospective offerors only such information as is appropriate for an objective evaluation of all prospective offerors pursuant to such criteria. Such form shall allow the prospective offerors seeking prequalification to request, by checking the appropriate box, that all information voluntarily submitted by the offeror pursuant to the application shall be considered a trade secret or proprietary information subject to the provisions of Section 2.2-4317(D), Code of Virginia, 1950, as amended.

9.0 PUBLIC - PRIVATE PARTNERSHIPS

9.1 Public-Private Transportation Act of 1995

The Public-Private Transportation Act of 1995, codified in Chapter 18 of Title 32.2 of the Code of Virginia (1950), as amended, ("PPTA") is the legislative framework enabling the City of Chesapeake, and certain other political entities to enter into agreements authorizing private entities to develop and/or operate qualifying transportation facilities.

The PPTA grants responsible public entities the authority to allow private entities to “develop” and/or “operate” (as those terms are defined in the PPTA) qualifying transportation facilities if the public entities determine there is a need for the facilities and private involvement may provide the facilities to the public in a timely or cost-effective fashion. The PPTA defines “responsible public entity” to include any public entity that has the power to develop and/or operate qualifying transportation facilities. Individually negotiated Interim and Comprehensive Agreements will define the respective rights and obligations of the responsible public entity and the private entity.

Pursuant to Virginia Code § 33.2-1801 (A) and (C), it is the intent of the PPTA to encourage public/private ventures for transportation facilities which may result in the availability of facilities in a more timely or less costly fashion and to facilitate to the greatest extent possible the federal pooling and funding mechanisms to the end that transportation financing be expanded and accelerated and have the greatest possible flexibility in contracting between public and private entities.

Complete copies of the City of Chesapeake’s PPTA Guidelines are available online at <http://www.Cityofchesapeake.net/government/City-Departments/Departments/Purchasing-and-Procurement.htm>

9.2 Public-Private Education Facilities and Infrastructure Act of 2002

The Public-Private Education Facilities and Infrastructure Act of 2002 (the "PPEA") codified in Chapter 22.1 of Title 56, grants the City, a responsible public entity as defined in the PPEA, the authority to create public-private partnerships for the development of a wide range of projects for public use if the City determines there is a need for the project and that private involvement may provide the project to the public in a timely or cost-effective fashion. Individually negotiated interim or comprehensive agreements between a private entity and the City will define the respective rights and obligations of the City and the private entity. Although guidance with regard to the application of the PPEA is provided herein, it will be incumbent upon the City and all private entities to comply with the provisions of the PPEA as applicable.

In order for a project to come under the PPEA, it must meet the definition of a "qualifying project." The PPEA contains a broad definition of qualifying project that includes, but is not limited to public buildings and facilities of all types, for example:

1. An education facility, including but not limited to a school building (including any stadium or other facility primarily used for school events), any functionally related and subordinate facility and land to a school building and any depreciable property

provided for use in a school facility that is operated as part of the public school system or as an institution of higher education;

2. A building or facility that meets a public purpose and is developed or operated by or for any public entity;
3. Improvements, together with equipment, necessary to enhance public safety and security of buildings to be principally used by a public entity;
4. Utility and telecommunications and other communications infrastructure;
5. A recreational facility;
6. Technology infrastructure and services, including but not limited to telecommunications, automated data processing, word processing and management information systems, and related information, equipment, goods and services;
7. Services designed to increase the productivity or efficiency of the responsible public entity through the use of technology or other means;
8. Technology, equipment, or infrastructure designed to deploy wireless broadband services to schools, businesses, or residential areas;
9. Any improvements necessary or desirable to any unimproved locally- or state-owned real estate; or
10. Any solid waste management facility as defined in Virginia Code §10.1-1400 that produces electric energy derived from solid waste.

The PPEA establishes requirements that the City must observe when reviewing and approving proposals received pursuant to the PPEA. In addition, the PPEA specifies the criteria that must be used to select a proposal and the contents of the interim or comprehensive agreement detailing the relationship between the City and the private entity.

Complete copies of the City of Chesapeake's PPEA Guidelines are available online at <http://www.Cityofchesapeake.net/government/City-Departments/Departments/Purchasing-and-Procurement.htm>

10.0 PROTEST OF AWARD OR DECISION TO AWARD

10.1 Protest of Award or Decision to Award

Any bidder or offeror, who desires to protest the award or decision to award a contract shall submit the protest in writing to the Procurement Administrator, no later than ten (10) days after the award or the announcement of the decision to award shall be given by the City in the manner prescribed in the terms or conditions of the Invitation to Bid or Request for Proposal. Any potential bidder or offeror on a contract negotiated on a sole source or emergency basis who desires to protest the award or decision to award such contract shall submit the protest in the same manner no later than ten days after posting or publication of the notice of such contract as provided in Code of Virginia §2.2-4303. However, if the protest of any actual or potential bidder or offeror depends in whole or in part upon information contained in public records pertaining to the procurement transaction that are subject to inspection under Code of Virginia §2.2-4342, then the time within which protest shall be submitted shall expire ten days after those records are available for inspection by such bidder or offeror under Code of Virginia §2.2-4342, or at such later time as provided in this section. No protest shall lie for a claim that the selected bidder or offeror is not a responsible bidder or offeror. The written protest shall include the basis for the protest and the relief sought. The public body or designated official decision shall be final unless the bidder or offeror appeals within ten (10) days of receipt of the written decision by instituting legal action as provided in Code of Virginia §2.2-4364. Nothing in this subsection shall be construed to permit a bidder to challenge the validity of the terms or conditions of the Invitation to Bid or Request for Proposal.

- a. If prior to an award it is determined that the decision to award is arbitrary or capricious, then the sole relief shall be a finding to that effect. The public body shall cancel the proposed award or revise it to comply with the law. If, after an award, it is determined that an award of a contract was arbitrary or capricious, then the sole relief shall be as hereinafter provided.
- b. Where the award has been made but performance has not begun, the performance of the contract may be enjoined. Where the award has been made, and performance has begun, the public body may declare the contract void upon a finding that this action is in the best interest of the public. Where a contract is declared void, the performing contractor shall be compensated for the cost of performing up to the time of such declaration. In no event shall the performing contractor be entitled to loss profits.

- c. The City will utilize the following process for protest. Protests that are received from an attorney representing a company will be processed by the City Attorney's Office. Protests received from any non-attorney representatives, the response will be provided by the Procurement Administrator or designee. The Purchasing Division will collaborate with the City Attorney's Office on all protests.

11.0 DEBARMENT AND SUSPENSION

11.1 Debarment of Contractors

Debarment as used in this section means action taken by the City to exclude individuals or firms from contracting with state agencies for particular types of goods or services for specified periods of time. Debarment does not relieve the contractor of responsibility for existing obligations. The purpose of debarment is to protect the City from risks associated with awarding contracts to persons or firms having exhibited an inability or unwillingness to fulfill contractual requirements, and to protect City interests and the integrity of the City's procurement process by preventing individuals or firms who have displayed improper conduct from participating in City requirements for specific periods of time.

11.2 Authority

The Procurement Administrator with the concurrence and approval of both the City Manager and City Attorney, may, in the public interest, debar a prospective contractor (including a prospective subcontractor) for any of the causes listed in subsection 11.2.1, below, using procedures described in subsection 11.2.3. The existence of a cause for debarment under subsection 11.2.1, however, does not necessarily require that the contractor be debarred. The seriousness of the contractor's acts or omissions and any mitigating factors shall be considered in making any debarment decision. Debarment or suspension of bidders or offerors will be in accordance with process specified in the City Code Section 54-118.

11.2.1 Causes for Debarment. An individual or firm may be debarred for any of the following reasons including but not limited to:

- a. Breach (including anticipatory breach) of contract.
- b. Stating an unwillingness or inability to honor a binding bid. A mere request to withdraw a bid, which does not otherwise state an unwillingness or inability to perform, is not a cause for debarment.

- c. Asserting facts related to procurement matters without having reasonable grounds at that time to believe that the facts are true. Examples include but are not limited to: falsifying or misrepresenting manufacturer's specifications in order to appear responsive to a solicitation; or asserting, without reasonable belief in its accuracy, information in support of an invoice, claim, protest, contract amendment, qualification application, or administrative or judicial appeal document. It is not necessary for the presentation to actually affect a decision, and it is not a defense that the recipient of the communication knew or should have known the true facts.
- d. Conferring or offering to confer any gift, gratuity, favor, or advantage, present or future, upon any employee of the City who exercises any "official responsibility" for a "procurement transaction" as those terms are defined in the *Code of Virginia*, § 2.2-4368. It is not necessary that the offer be accepted by the employee, or that the offer is made with intent to influence the employee in an official act. Extending to any City employee exercising official responsibility for a procurement transaction any discount or privilege not available to all City employees is considered to be offering an advantage.
- e. Failing to disclose a condition constituting a conflict of interest by any officer, director, owner, or partner of the vendor in a contract or purchase order awarded by the City (*Code of Virginia*, § 2.2-3109).
- f. Any cause indicating that the individual or firm lacks the moral and business integrity and reliability that will assure good faith performance.
- g. Sale of goods or services to the City when such sale is prohibited by any debarment then in effect.
- h. Consent of the firm or individual being debarred.
- i. Conviction of any criminal offense involving public contracting. Examples include, but are not limited to, bribery (*Code of Virginia*, § 18.2-447), embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property, and knowingly making a false statement in regard to collusion on a solicitation (*Code of Virginia*, § 18.2-498.4). Conviction for any of the above of any officer, director, owner, partner, agent, or

related business entity of a vendor shall constitute grounds for the debarment of the vendor. Indictment for any of the above of any officer, director, owner, partner, agent, or related business entity of a vendor shall constitute grounds for suspension of the vendor.

- j. Court judgment finding a violation of either federal or state antitrust laws.
- k. Conviction of any offenses indicating a lack of moral or business integrity.
- l. Failure to pay the City's re-procurement costs pursuant to a contract termination for default.
- m. Failure to comply with the provisions of the E-Verify program (*Code of Virginia, §2.2-4308.2*).
- n. Creating or using an entity for the purpose of circumventing a debarment decision against another individual or firm.
- o. Violation of the terms of a government contract or subcontract-so serious as to justify debarment, such as willful failure to perform in accordance with the terms of one (1) or more contracts, or a history of failure to perform, or of unsatisfactory performance of one (1) or more contracts.
- p. Debarment by a federal, state or local government, a public authority, or other agency or entity subject to public procurement laws and requirements.
- q. Any other cause of so serious or compelling a nature that it affects the present responsibility of a government contractor or subcontractor.

It is not necessary that there be a judicial determination of violations contained in subparagraphs "a." through "h" and "l" through "q." above for debarment to occur.

All debarment determinations shall extend to all affiliated entities and/or wholly owned companies by a debarred firm or entity, including but not limited to, its affiliates, subsidiaries, parent, predecessor, related entities; and, any sole proprietorship or business entity that may be owned or operated by debarred firm or entity or, any of their "immediate family members" as defined by Virginia Code Section 2.2-4368.

If the Procurement Administrator finds that the cause for debarment reflects on the contractor's traits or tendencies only with regard to certain goods or services, the debarment may apply only to such goods or services. Otherwise the debarment shall apply to all goods and services within the purview of the Procurement Administrator.

11.2.2 Reports and Investigations

The Procurement Administrator shall promptly investigate matters appropriate for his consideration in contemplating the debarment of a contractor or subcontractor. The Procurement Administrator shall report findings of an investigation for which he recommends debarment to the City Manager and City Attorney, and seek their concurrence and approval, prior to notice to the contractor as provided in subsection 11.2.3.

11.2.3 Debarment Procedures

The following procedures governing the debarment decision-making process are designed to be as informal as practicable, consistent with principles of fundamental fairness:

1. *Notice to contractor.* (Code of Virginia, § 2.2-4357). Any contractor refused permission to participate, or disqualified from participation, in public contracts shall be notified in writing by hand-delivery or by certified mail, return receipt requested. Prior to the issuance of a written determination of debarment, the Procurement Administrator shall (i) notify the contractor in writing of the results of the evaluation/determination, (ii) disclose the factual support for the determination, and (iii) allow the contractor an opportunity to inspect any documents that relate to the determination, if so requested by the contractor within five (5) business days after receipt of the notice.
2. *Opportunity of contractor to respond.* Within ten (10) business days after receipt of the notice, the contractor may submit rebuttal information, and/or documentation challenging the evaluation.

Following timely receipt of information from the contractor, the Procurement Administrator shall review the proposed debarment and shall issue his written final determination of debarment based on all information in the possession of the City, including any rebuttal information, within five (5) business days of the date the Procurement Administrator received such rebuttal information. During the review period, the prospective contractor shall provide the Procurement

Administrator with such additional information as he may request in order to complete his review of the proposed debarment.

If the final evaluation reveals that the contractor should be allowed permission to remain eligible to participate in the City contract solicitations, the Procurement Administrator shall cancel the proposed debarment action. If the final evaluation reveals that the contractor should be refused permission to participate, or disqualified from participation, in the public contract, the Procurement Administrator shall so notify the contractor.

11.2.4 Appeals

The notice shall state the basis for the determination, which shall be final unless the bidder appeals the decision within ten (10) days after receipt of the notice by instituting legal action as provided in § 2.2-4364.

If, upon appeal, it is determined that the action taken was arbitrary or capricious, or not in accordance with the Constitution of Virginia, applicable state law or regulations, the sole relief shall be restoration of eligibility.

11.2.5 Period of Debarment

Debarment shall at a minimum, be for a period of ninety (90) days. A debarment shall be and remain effective for a period commensurate with the seriousness of the cause, as determined by the Procurement Administrator. The debarment period shall in no event exceed three (3) years from the date of the debarment decision, or the end of the contract term from which the debarment decision arises, whichever is longer.

Notwithstanding the prescribed duration of the debarment, the Procurement Administrator, with the concurrence and approval of both the City Manager and City Attorney, may lift a debarment or suspension at any time, if it is determined it is in the best interest of the City. The Procurement Administrator may require a debarred individual or firm to provide information in writing regarding actions taken to remedy the reason for debarment or prevent recurrence of the situation that caused the debarment action to be taken and otherwise indicating that lifting or suspension of the debarment would be in the best interest of the City. Examples of actions that the Procurement Administrator may take into consideration include, but are not limited to:

- a. Repayment by a debarred contractor of additional costs resulting from a default action for which the contractor had previously failed to reimburse the City and was debarred.

b. Disassociation with individuals or firms that were responsible for the debarment.

11.3 Suspension.

Suspension is a type of ineligibility based upon adequate evidence that a vendor has committed any of the reasons for debarment as listed in Section 11.2.1 above, but the Procurement Administrator, with the concurrence and approval of the City Attorney and City Manager, has given the contractor a fixed time period to cure default which has not yet expired and/or the Procurement Administrator has elected to defer a debarment determination as part of a mutually agreed settlement or until the resolution of an informal dispute or litigated proceeding. In the event that an indictment against a vendor or its principles exists for any of the reasons listed in Section 11.2.1, the indictment shall constitute adequate evidence for suspension. The period of suspension shall not exceed one (1) year unless requested by the City Attorney. Suspension and appeals of suspension will be governed by the same procedures used for debarment above.

12.0 CONTRACT ADMINISTRATION

12.1 Understanding Contract Administration

Contract Administration is managing the contract to ensure it is fully executed. Administration of the contract begins with the signing or execution of a contract or purchase order. The purpose of contract administration is to assure that the contractor or supplier has fulfilled its contractual obligations in accordance with the terms and conditions of the contractual agreement.

A Contract Administrator will be designated in the requesting department, after the execution of a contractual agreement. The Contract Administrator should be the end user of the contract or one who has a vested interest in the procurement who will be responsible for the proper adherence to all contract specifications and terms and conditions by the contractor. Other responsibilities include reviewing requests for changes or modifications, monitoring performance and resolving disputes, discrepancies and deficiencies. Contract Administrator's duties and responsibilities will be detailed in writing and shall distinguish between the Purchasing Administrator's responsibilities.

12.2 Notice to Proceed

Issuance of a Notice to Proceed will be provided to the contractor at a scheduled pre-construction meeting, or will be mailed within ten (10) working days following acceptance of the contract by both parties, or as soon as practicably possible as determined by the using department, giving at least ten (10) working days' notice to the contractor, provided that the contractor has furnished the required insurance forms and payment and performance bond forms, if applicable.

12.3 Documentation and Planning

1. The Purchasing Division is responsible for maintaining all records and documentation relating to a contract. The contract file shall be in chronological order and will contain at a minimum, the purchase request, sources solicited, evaluation and award, contract and/or purchase order, applicable insurance and bond forms, expediting and follow-up reports, and any other actions relating to the procurement transaction.
2. The more complex the project, the more planning is required to administer the contract. The using department should utilize an implementation plan or contract list for each contract that requires multiple or scheduled actions by the contractor during the contract period. The plan should be based on the contract, and list the specific contract requirements. The implementation plan will help to ensure the contractor fulfills the obligations of the contract.

12.4 Change Orders

Revisions, delays or disputes may cause changes in a contract. The modification of a purchase order or contract shall only be authorized by the City Manager, Procurement Administrator, or City Attorney's Office, or their designee. All changes to a contract shall be in writing and signed by all of the parties. Additionally, please note City Code Section 54-71 states "Any contract subject to the terms of this chapter may include provisions for modification of the contract during performance, but no fixed-price contract may be increased by more than ten (10%) percent of the amount of the original contract or \$10,000.00, whichever is greater, without the advance approval of the city manager, provided that sufficient funds are available and provided, further, that the city council has been informed of the modification and approved the modification through appropriation of funds. Notifications to city council shall include a summary of all previous modifications to the contract. In no event may the amount of any contract, without adequate consideration,

be increased for any purpose, including, but not limited to, relief of an offeror from the consequences of an error in its bid or offer. The city manager shall not implement or execute any change order subject to the terms of this section for a period of 48 hours from the time of notification to the city council; in the event any city council member directs the city manager to place such change order on the agenda of an upcoming city council meeting for approval, execution of the change order shall not occur until after the city council gives direction to do so.”

12.5 Contract Completion and Final Payment for Major Projects

1. The using department shall provide the Purchasing Division with a written certification of contract completion for major capital improvement projects (capital improvement projects of \$250,000.00 or more) and professional service contracts. Contract completion forms are available in the Purchasing Division.
2. The contractor or consultant shall complete the appropriate affidavits as required in the contract documents upon completion of the project. The affidavit forms along with the original invoice must be submitted with the vendor’s payment request. The affidavit forms include but are not limited to the following:
 - a. Certificate of Contract Completion;
 - b. Satisfaction of Lien from all sub-contractors and material suppliers;
 - c. Sub-contractor’s Affidavit Form, if applicable;
 - d. Request for Final Payment Form
3. The using department shall review and approve the request for final payment upon verification that the required affidavits have been received by the Purchasing Division.
4. The Purchasing Division shall review all required closing documents for completeness.
5. The requesting department shall provide the following documentation to the Finance Division for final payment of all major projects:
 - a. Original final invoice;
 - b. Receiving Report Form, signed and dated;

- c. Payment Transmittal Form signed by the using department, Department Director, Procurement Administrator and Finance Director.

6. The Finance Division will process the invoice for final payment and close-out the Purchase Order.

12.6 Cancellations of Purchase Orders and Contracts

Purchase orders and contracts may be cancelled if the contractor fails to fulfill its contractual obligations. Cancellations of purchase orders and contracts shall be requested by the using department in writing to the Procurement Administrator with complete justification. Upon review and approval of the request, the Purchasing Division shall issue termination notices in consultation with the City Manager and City Attorney or designee.

12.7 Receiving and Inspection

It is the responsibility of the using department head or designee to ensure that all goods and services are carefully examined to determine conformance with the contract requirements or specifications. The using department shall ensure that the appropriate receiving report and copy of the purchase order is promptly signed, dated, and forwarded to the Finance Division for processing. In the event of a rejection of goods or services, the department shall promptly notify the Purchasing Division.

12.8 Delivery

In accordance with the Interstate Commerce Commission Regulations, delivery drivers are responsible for tailgate delivery only, unless an extra charge has been paid for off-loading and setting in place or inside delivery. Generally, goods and materials procured through the bid process include delivery and set-up. Contact the Purchasing Division in the event of a dispute.

Most deliveries are FOB (Free-on Board) destination, freight prepaid, therefore, *collect deliveries should not occur*. In the event of a collect delivery, contact the Purchasing Division for assistance.

12.9 General Inspection

Inspection is the close and critical examination and testing of delivered goods or services to determine conformance to contract requirements. Absent specific circumstances, the using department shall inspect all shipments for damage, shortages, overages and unauthorized substitutions immediately upon receipt. Delays in inspection and acceptance may result in loss of cash discounts, slow payment of invoices and potential damage to vendor

relationships. Any discrepancies, damage, shortages, overages and unauthorized substitutions must be reported to the Purchasing Division immediately.

12.10 Inspection Procedures

The departments shall adhere to the following inspection procedures immediately upon receipt of a shipment:

1. Delivery tickets should only be signed by designated personnel and should be marked "Received by (name), Subject to Inspection and Acceptance". The designated personnel's name should be clearly legible.
2. Check for external damage to the package as well as concealed damage. Take pictures of obvious damage.
3. Verify the number of pieces, packages or boxes delivered. Check the contents of each carton against the packing list and receiving report, and a copy of the purchase order. All shortages or damage must be noted on the delivery receipt or shipping ticket prior to signing for receipt of shipment. Failure to report damages and shortages may result in null or void claims.
4. Verify that the goods or services conform to the quality, grade or standard specified in the purchase order or contract.
5. Inspect to ensure that the design, construction, size, type, make, model, color, style, etc. of the commodity conforms to the specifications, purchase order or contract.

12.11 Freight Damage

Freight damage and claims against common or commercial carriers, (trucking services other than the contractor's own truck and driver), must be carefully handled to avoid claim disputes.

1. Verify the number of cartons listed on the delivery receipt. If any shortage is discovered, document the shortage on the carrier's delivery receipt. The driver should also sign as confirmation of the shortage. The department should retain a copy of the delivery ticket.
2. Carefully examine each carton for damage. If damage is visible, document the damage on the delivery receipt, have the driver sign the delivery ticket and retain a copy.
3. If concealed damage is suspected, insist that the driver open the carton for inspection of the contents. Do not allow the driver or carrier to retain the damaged

item. Damages should be noted on the delivery receipt, and a copy must be retained by the department.

4. Should the driver refuse to open the carton, write a statement on all delivery tickets: "Concealed damage evident." "Received subject to inspection and acceptance."
5. Retain damaged items and inner packing materials at the point where received until an inspection is made by a carrier inspector.
6. Notify the Purchasing Division at once.
7. Call the carrier to report the damage and to request an inspection. The call should be placed immediately upon discovery of the damage goods. Failure to report concealed damage within ten (10) days after delivery may result in the carrier denying the claim.
8. Confirm the request for inspection call in writing as a protection measure to verify that the carrier was notified within the ten (10) day period.
9. Ensure that damaged cartons are not removed from the receiving area prior to inspection of the packing materials and freight bill.
10. Carefully read the inspection report prior to signing. If you do not agree with the facts or conclusions made by the inspector in the report, do not sign it. If repair of the item would not be satisfactory, the inspector must request a replacement on the inspection report. The inspection report must specify a replacement for a new item to be ordered.
11. Forward a copy of the inspection report and delivery receipt to the Purchasing Division. The Purchasing Division will forward all necessary documentation to the contractor to request a repair, replacement or return of damaged goods.

12.12 Rejection

If a shipment is incorrect, damaged or unacceptable, do not use it and do not sign the receiving report. The department shall immediately notify the Purchasing Division of any discrepancies in shipment, i.e. incorrect quantity, poor quality, etc. The Purchasing Division will advise the contractor of the rejection and mutually agree on a replacement date.

The Purchasing Division should be notified as soon as possible after the problem is observed. Reporting is necessary in order to monitor and evaluate contractor performance and, if required, to take appropriate and timely action.

12.13 Default Actions

If a contractor fails to deliver an order by the delivery date agreed on the contract or purchase order or to perform according to contractual provisions, legally the contractor has

breached the contract and is considered in default. Prior to taking any default action, the following factors should carefully be considered:

1. Department head or designee and the Purchasing Division should be notified immediately.
2. The specific reasons for such failure;
3. The time period required to obtain the goods or services from other sources compared to the delivery time specified by the delinquent contractor.

If it is determined that the contractor is in default, the Purchasing Division shall issue a written notice to cure letter advising the contractor of the following:

1. List the non-delivery or other non-conformance issues;
2. Advise the contractor that they are in breach of the contract;
3. State the number of days or a date for correction of the default;
4. Advise that default of the contract will cause the City to cancel the order or terminate the contract and hold the contractor liable for any excess costs.

Most disputes are resolved through negotiation and compromise; however, in the event that a satisfactory solution cannot be reached with the contractor and upon expiration of the time period stated in the letter(s), the City may resolve differences through an administrative process, using arbitration (if the contract so allows) or through formal judicial (litigation) procedures. The contractor may be suspended from doing business with the City until a settlement has been reached.

13.0 SURPLUS PERSONAL PROPERTY CONTROL AND DISPOSAL

13.1 Personal Property Control

Personal property control entails maintaining the records and performing annual inventories of all tangible personal property owned by the City. Personal property is described as tangible (of a non-consumable nature), property and has a life expectancy of one (1) year or more.

13.2 Responsibility

The Finance Department is responsible for the maintenance and control of the personal property records, including assigning property identification numbers, inputting data into the fixed assets computer program, reconciliation of personal property records and facilitating the annual inventory.

The Purchasing Division shall provide the Finance Department with a copy of the purchase order form marked Personal Property Records for all purchases for capital assets.

13.3 Surplus Property

Surplus supplies means any supplies no longer having any use to the City. This includes obsolete supplies, scrap materials and nonexpendable supplies that have completed their usual, useful life cycle, but does not include real property.

All personal property that is no longer needed or used by a department, to include vehicles, heavy equipment, desks, chairs, tables, office equipment, etc., are to be reported to the Purchasing Division for disposal by either transfer, or sale in accordance with the City Code Sections 54-4 and §54-96

It is the responsibility of each department to notify the Purchasing Division of any equipment or other tangible personal property that is surplus to that department's need. Departments should inspect all equipment prior to release for disposal or sale to ensure that all sensitive City information has been removed. Departments must include a description of the condition of the equipment.

13.4 Surplus Property Form

Surplus Property Forms are available on the Purchasing Division website.

13.5 Transfer of Property

City departments should be considered first for the transfer of surplus personal property. The department shall complete a Request to Transfer Form and shall acquire signatures of both the transferor (owning department director) and the transferee (receiving department director). The completed form shall be forwarded to the Purchasing Division for approval. Once approved, the Purchasing Division will then forward the completed form to the Finance Department for updating the Fixed Assets Records and finalizing the transfer.

13.6 Disposal

The Purchasing Division may survey other departments and divisions to determine if the property is needed. Prior to final disposition all property shall first be declared surplus to the City.

The Purchasing Division shall dispose of surplus property by one of the following methods:

1. Transfer within departments or other using agencies
2. Public Sales or Auctions

3. Exchange the supplies or items for or trade in the supplies or items on new supplies or items

All sales shall be made to the highest responsible bidder. The Procurement Administrator or designee may require sealed bids at his or her discretion.

13.7 Public Auctions

Notice of auction shall be publicly advertised in the newspaper at least one (1) week prior to the scheduled date of sale.

The final surplus property auction list indicating the proceeds received, shall be provided to the Finance Division in order to update the Fixed Assets Records.

13.8 Confiscated and Recovered Property

The Police Department is responsible for the disposition of all confiscated and recovered property pursuant to applicable state laws. Upon request from the Police Chief, the Procurement Administrator may sell such confiscated property during the scheduled City auction.

13.9 Proceeds

The proceeds from auctions (except assets from forfeiture by the Police or Sheriff) shall be forwarded to the Finance Department for deposit into the City's General Fund or appropriate account(s) as determined by the Director of Finance, or designee.

13.10 Employees and Officers of the City

Employees and officers of the City and their immediate family members and dependents will not be eligible to bid on or purchase any excess or surplus City equipment or supplies. In addition, pertaining to city property, including surplus property, employees are subject to Administrative Rule 1.21 and 4.04.

14.0 PROCUREMENT CARD PROGRAM

14.1 Purchasing Card (P-Card)

The purpose of the Procurement Card (P-Card) Policy is to establish policies for the use and control of procurement cards. To which, procurement cards will be assigned to, and utilized by designated City employees to purchase goods, on behalf of the City or when authorized per this policy. This policy is intended to accomplish the following:

1. To ensure procurement card purchases are accomplished in accordance with the City's established ordinances, policies and procedures.

2. To ensure appropriate internal controls are established within each department utilizing the procurement cards, so that they are used only for authorized purposes.
3. To ensure that the City bears no legal liability from inappropriate use of procurement cards.
4. To require disciplinary action for the misuse of the purchasing cards.
5. To provide standards for the use of procurement cards, thus authorizing other departments to establish additional controls beyond those suggested by these policies.

14.1.1 Authority

The Department Head and Procurement Administrator, with final approval by the City Manager, determines which employees will be selected to be issued and to use the procurement card.

The Procurement Administrator and the Procurement Card Administrator are responsible for the implementation of the Procurement Card Program, training and management of the program. Policies and procedures and applicable forms are maintained and updated by the Procurement Card Administrator, as needed.

14.1.2 Cardholder Eligibility

The criteria to receive a P-Card is as follows:

1. Applicant must be classified as a regular full-time or part-time employee of the City of Chesapeake.
2. Applicant's request for a P-Card must be approved by his/her Director/Unit Head.
3. Applicant's request must be approved by the City Manager or designee.
4. Employee must complete required training before receiving their P-Card.
5. Each individual Cardholder shall at the conclusion of P-Card training, sign a Cardholder Agreement in the presence of the P-Card Administrator prior to issuance of the card.

14.1.3 General Scope of Program

The City's Procurement Card Program is designed to improve efficiency in processing low dollar purchases from vendors that accept the designated charge card. This program will allow the cardholder to purchase approved commodities directly from authorized vendors. The scope of the program is to accomplish the following:

- a. To provide an efficient method of purchasing and for the payment of goods, not to exceed an approved dollar amount per purchase transaction.
- b. Allows greater flexibility to the using department while reducing administrative costs.
- c. Reduce the time spent by Accounts Payable processing low dollar transactions.

Each procurement card will be issued to a named individual. The Purchasing Division will monitor the performance of the program.

14.1.4 Procurement Card Process

The procurement card system simplifies the procurement and payment disbursement process. Procurement responsibility is delegated to the ordering department, enabling an authorized cardholder to place an order directly with the vendor.

When a purchase authorization is requested by the supplier at the point-of-sale, the procurement card system validates the transaction against preset limits established by the employees department. All transactions are approved or declined electronically based on the procurement card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following:

- a. Monthly spending limit – upon approval by City Manager
- b. Approved merchant category codes (MCC) – upon approval by the Procurement Administrator
- c. The authorization process occurs through the charge card provider’s electronic system, which supports the City’s procurement card processing management. .

14.1.5 Responsibilities of Individuals and Organizations

The following is a summation of the responsibilities of the individuals and organizations involved in the procurement card system:

- A. Department Director, Division/Agency Head, Supervisor or Constitutional Officer**
 - 1. Request procurement cards for designated employees;
 - 2. Set departmental spending limits within established guidelines
 - 3. Designate representatives (Managers, Supervisors) responsible for authorizing charges; to include reviewing and reconciling statements
 - 4. Collect cards from Cardholder at the end of employment

5. Evaluate the need to cancel or reissue cards when employee transfer
6. Notify the Procurement Card Administrator of terminated cards
7. Comply with all purchasing and procurement card policies and procedures

B. Cardholder

The Cardholder must use the P-Card for legitimate business purposes of the City of Chesapeake only. The P-Card may not be used for services, cash and other categories as included in the List of Blocked Vendors. Misuse of the card will subject the Cardholder to disciplinary action in accordance with the City's Administrative Regulations relating to disciplinary action and/or termination for cause.

Responsibilities shall include:

1. Maintain security of the P-Card at all times. The only person entitled to use the P-Card is the person whose name appears on the face of the P-Card. The P-Card may not be lent to or used by another person for any reason.
2. Obtain approval from Department Head, Program Manager or Supervisor prior to making a purchase;
3. Ensure availability of funds and proper account codes;
4. Order/receive materials;
5. Recheck each transaction (no sales tax (except for hotels and out of state purchases) and no back-orders);
6. Collect and save sales receipts;
7. Approve and monitor transactions within the online banking system;
8. Match receipts with monthly cardholder statement;
9. Review monthly card holder reports for validity of all transactions;
10. Process all card holder reports in a timely manner;
11. Identify disputed charges in a timely manner and report disputed charges to card company;
12. Review monthly charges with Program Manager;
13. Complying with all purchasing and procurement card policies and procedures;
14. Report lost or stolen cards immediately.
15. Complete all mandatory training to include Procurement Training.

C. Department Representative/Program Manager (as designated by Department Head)

The Department Representative/Program Manager will be deemed to be the Reconciler. The Reconciler is the employee who is responsible for reconciling the Cardholder's transactions to the individual Cardholder's statement and ensuring that the supporting documentation is attached and valid and keying a payment voucher into the financial system for payment to the Card Issuer.

Responsibilities shall include:

1. Review monthly statement with cardholder;
2. Verify there are no sales tax charges and no back-orders;
3. Ensure availability of funds in proper account codes;
4. Verify the appropriateness of account codes (i.e., Department/Division/Function/Object Code);
5. Research, report and follow-up on disputed items;
6. Approve cardholder transactions within the online banking system;
7. Sign the monthly statement authorizing charges (Department Representative/Program Manager);
8. Reconcile Program Manager Report against the individual Cardholder Reports to ensure accuracy;
9. Process all billing statements in a timely manner;
10. Forward statement and supporting receipts to Accounts Payable;
11. Comply with all purchasing and procurement card policies and procedures;
12. Request/Cancel procurement card, submit to department Head for approval, then to Purchasing Division;
13. Complete all mandatory training to include Procurement Training.

D. Finance Department

A City employee in the Department of Finance will be assigned the responsibilities of overseeing the payment has the following responsibilities related to P-Cards:

1. Receive approved vouchers representing monthly statements from all departmental managers which includes statements from each cardholder;
2. Receive consolidated statements from procurement card issuer;
3. Confirm that all charges are authorized by department representatives;
4. Notify departments when approved monthly statements are not received;

5. Oversee payment of all non-disputed monthly charges from consolidated statement;
6. Monitor missing documentation and notify the Procurement Card Administrator;
7. Notify the Procurement Card Administrator of any violations or discrepancies;
8. Administer 1099 reporting (not procurement card related).

9. Approving Internal Control Procedures Document submitted by departments/Offices before the cards are issued.
10. Maintaining documents relating to but not limited to reconciliation of accounting statements, copies of transmittals and vouchers with original supporting documents/receipts and payment correspondence with the Card Issuer.

E. Various Other City Departments

1. Treasurer's Office to wire payment to card company;
2. Monitor changes for proper account codes and fund availability;
3. Process accounting data;
4. File and store statements, receipts, etc.

F. Procurement Administrator /Procurement Card Administrator

A Purchasing Division staff member designated by the Procurement Administrator with approval by the City Manager shall be responsible for the overall administration of the P-Card and has the following responsibilities:

1. Coordinate program policy issues;
2. Block unauthorized commodity codes for the procurement card program;
3. Initiate training program for all Department Heads, Program Managers and cardholders;
4. Coordinate issuance and cancellation of cards;
5. Reviewing Departmental approved applications for completeness of required information.
6. Submitting completed application to Card Issuer and receiving P-Card from Card Issuer.
7. Training Cardholder before releasing P-Card to Cardholder.
8. Maintain policy and cardholder guides/manuals;

9. Coordinate and maintain internal controls;
10. Participate in ongoing program reviews;
11. Conduct semi-annual inventory of procurement cards;
12. Conduct periodic compliance audits and reports.
13. Verifying P-Card applications setting delegated procurement/travel limits, transaction amount authorizations, allowed products and merchant restrictions prior to issuance of the card.
14. Forwarding to the City Manager for approval a Director's request for an increase in the Cardholder's limit above City guidelines.
15. Maintaining a current comprehensive list of all employees who have been issued P-Cards with P-Card limits.
16. Processing changes or modifications to established restrictions on cards already.
17. Identify purchase patterns that can be used to negotiate price concessions with vendors.
18. Monitor that lost or stolen cards have been blocked or deactivated by Card Issuer.
19. Destroy revoked P-Cards and submitting information to the Card Issuer.
20. Serve as a Cardholder resource and respond to cardholder questions.
21. Receive and review Card Issuer's monthly City bill/invoice.

G. External Auditor

Audit Services shall conduct periodic operational, compliance audits and reporting as requested by City Council or as determined by the City Auditor.

14.1.6 Requests for and Issuance of Procurement Card

Procurement cards may be issued to individual employees as determined by the Department Head. The Program Manager shall complete the Purchasing Card Request Form to indicate the authorized cardholders, billing information for the department.

Each Program Manager requesting issuance of a procurement card shall complete the Purchasing Cardholder Request Form. The form is available through the Purchasing Card Administrator. Cardholder information includes name, GL account code, employee ID, email address, monthly reconciliation statement address and Department Head signature. The Department Head shall recommend an authorized monthly credit limit, depending on the amount (the single transaction and monthly limits will be determined). Upon completion of the Cardholder Request Form, the department or unit will forward the request to the

Procurement Card Administrator. The Procurement Card Administrator will then forward the request to the Procurement Administrator for review and approval and then to the City Manager for final review and approval.

1. The procurement card will have the employee's name, the City's name, card number, City tax exemption number, and the expiration date embossed on the face of the card. The Bank which issues the procurement card will not have access to the individual cardholder's personal information, other than the information supplied on the Cardholder Request Form.
2. All requests for new card holders, changes to current cardholder, or changes to credit or transaction limits must be made by the Department Director, or designee. The Department Director, or designee shall sign/authorize the request and forward the appropriate Cardholder Request Card Form to the Procurement Card Administrator for processing.
3. Upon receipt of the procurement card from the bank, the cardholder will be required to personally take receipt of the card. Prior to receiving the card, the cardholder will be given a copy of the Procurement Card Policies and Procedures and an oral review of the program.
4. The Procurement Card Administrator will advise the Finance Division upon the issuance of all procurement cards upon request.

14.1.7 Cardholder Liability for Lost, Stolen or Fraudulent Use of Procurement Cards

It is the Cardholder's responsibility to ensure that the card is used within stated guidelines of the Chesapeake City Code, Chesapeake Administrative Regulations, and within the stated guidelines of the Virginia Public Procurement Act.

If a procurement card is lost, stolen or used fraudulently, it is the responsibility of the Cardholder and/or department to immediately notify the procurement Card Issuer and the Procurement Card Administrator via email. Report a lost or stolen card to the procurement card issuer 24 hours per day by the number printed on the P-Card. Report fraudulent use to the procurement card issuer, also at the number printed on the P-Card.

The cardholder will be responsible for reporting all information necessary to reduce the liability to the City for a lost or stolen card.

The department is responsible for all costs associated with a lost, stolen or fraudulently used card.

Disciplinary action will be taken in the event that the Procurement Card Administrator or bank is not notified within 24 hours of the loss.

14.1.8 Termination or Transfer of Cardholder

When an employee ends his or her employment, or is transferred to another department, the department head must collect the procurement card and return it to the Purchasing Division. The department must then submit the procurement card and the decrease/deactivation form to the Procurement Card Administrator, who will notify the financial institution providing the procurement card to cancel the card.

If the department is unable to collect the procurement card when an employee terminates, the Department Head must immediately notify the financial institution providing the procurement card and the Procurement Card Administrator via email. The Procurement Card Administrator will ensure that the card is cancelled.

Should a cardholder be transferred to another department, it will be the new Department Head's responsibility to determine if the employee should be issued a new procurement card in their new position.

14.1.9 Inventory of Procurement Cards

Upon request, the Procurement Card Administrator will provide a current list of procurement cards to each department. Departments will conduct a physical inventory of all cards and will provide a report to the Procurement Card Administrator of the results of the inventory.

14.1.10 Use of Procurement Cards

The procurement card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the procurement card or procurement card provider's electronic management system. Misuse of the procurement card will result in disciplinary action.

The procurement card is to be used only for City authorized purchases. Thus, the procurement card cannot be used for any personal use, and any such use will require full and immediate reimbursement of all costs and expenses to the city treasurer's office. Personal use of a procurement card will result in disciplinary action, which may include dismissal.

14.1.11 Transactions (Dollars) Limits

The Department Head approving the assignment of a procurement card will determine the procurement card transaction limits. Depending on the credit limit of the purchasing card, an individual purchase limit and 30-day limit will be set. Card limits shall be less than \$5,000 per billing cycle and shall not exceed \$1,000 per transaction, unless a higher limit is authorized by the City Manager. Requests for spending limit changes must be initiated and authorized by the Department Head, and approved by the Procurement Administrator with final approval by the City Manager or designee. Please note, all procurement card requests must be delivered to the Procurement Card Administrator first.

A purchase may consist of multiple items, but the invoice total must not exceed the assigned limit. Payment for purchases shall not be split to stay within the single purchase limit. Purchases will be denied if the authorized single purchase limit is exceeded.

14.1.12 Other Conditions

1. All items purchased over-the-counter must be immediately available. No back ordering is allowed.
2. All items purchased during one telephone transaction must be delivered in a single delivery. If an item is not immediately available, again, no back ordering is allowed.

14.1.13 Prohibited Purchases with a Procurement Cards

- A. The following types of items may not be purchased with a procurement card, regardless of the dollar amount:
 1. Purchases blocked or declined by Merchant Commodity Code (MCC).
 2. IT purchases such as IPAD, Mobile Telephone, Tablet, Laptop, Computer-Related peripherals.
 3. Gasoline or oil, unless there exists an emergency or out of City of Chesapeake refueling station range, or a prior documented exception.
 4. Vehicle repairs unless authorized by Fleet Management.
 5. Travel expenses relating to food.
 6. Cash advances.
 7. Inventory items.
 8. Items available on a City contract and/or blanket purchase order.
 9. Capital outlay and expenditures related to capital projects.
 10. Personal items or gifts or prizes for employees.
 11. Telephone calls.

12. Gift Cards/Gift Certificates Purchases.

13. Any additional goods or services specifically restricted by the Department Head or the Procurement Administrator.

B. Personal Use

It is a direct violation of City policies and procedures to use the procurement card for personal use. Any abuse or misuse of the procurement card, or this procedure shall result in this privilege being suspended or revoked. Violations and discrepancies will be reported to the City Manager for disciplinary or other appropriate action. Personal use of the procurement card will require immediate reimbursement to the City and will result in disciplinary action which may include dismissal.

C. Other Misuses

It is the responsibility of the ordering department to ensure all "extra" charges such as freight handling, set up, etc., are considered before a procurement card transaction is made. A vendor's willingness to honor a procurement card transaction does not authorize departments to make such purchases. Departments and P-Card holder shall not allow the following:

1. Purchases from vendors that create conflicts of interest, i.e. companies owned by the City employee or their relatives, etc.
2. Multiple procurement card transactions to circumvent the approved spending limits.
3. Procurement card transactions referenced in Section 14.1.13 – Prohibited Uses of Procurement Cards.
4. Failure to produce proper documentation, receipts, invoices, monthly statements, etc. to Finance for prompt payment.
5. Failure to report lost or stolen procurement card as per with Section 14.1.7.
6. Charging to accounts when funds are not available.

14.1.14 Procurement Card Security

A Cardholder may place an order with a vendor by telephone or electronically and then may send another City employee to claim the items ordered. The full 16 digit account number must not be mailed or emailed (including attachments) or faxed to vendors.

Retain the P-Card in an accessible, but secure location. The account number on the P-Card should not be posted or left in a conspicuous place. Never make a photocopy of a card.

If the P-Card is lost or stolen, the Cardholder must immediately notify the Card Issuer AND the City's Program Administrator, in the Purchasing Division. The City is liable for the use of the purchasing card by authorized users.

14.1.15 Revocation of Card Privileges

The Procurement Card Administrator is required to close an account if a Cardholder: (a) transfers to a different department, unless mutually agreed by the department heads to leave in place; (b) moves to a new job in which a P-Card is not required; (c) terminates employment; or (d) for any of the following reasons:

1. The P-Card is used for personal or unauthorized purchases.
2. The P-Card is used to purchase alcoholic beverages or any substance material or service that violates policy, law or regulation pertaining to the City's policies and regulations.
3. The Cardholder allows the card to be used by another individual.
4. The Cardholder splits a purchase to circumvent the limitations of the P-Card or City Administrative Regulations.
5. The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitations of the P-Card.
6. The Cardholder fails to provide required receipts.
7. The Cardholder fails to provide, when requested information about any specific purchase.
8. The Cardholder does not adhere to all of the Purchasing Card Policies and Procedures.
9. The Cardholder fails to report a lost card timely.

14.1.16 Charging the P-Card

When using the procurement card, the department will make the purchase at the best possible price.

Since the procurement card purchase is initiated at the department level, there is no automatic encumbrance of budget funds until the transaction is entered into the financial ERP System. Therefore, the department must check and insure that the account being charged has funds readily available for any procurement card transaction at any given time.

14.1.17 Documentation of Over the Counter Purchases

When a purchase is made with the procurement card, the cardholder must obtain the customer's copy of the charge slip in addition to the detailed invoice/receipt. The charge slip or related cash register slip/receipt must show in sufficient detail the type and number of items purchased with the unit cost.

The charge slip and detailed invoice/receipt will be retained by the cardholder or by the department representative in a secure location. All charge slips and invoices will be verified against the monthly bank statement and forwarded to Accounts Payable with the monthly statement.

The City is exempt from sales tax. The cardholder must ensure that the vendor is aware of this and that the sales tax is not added to the transaction. Tax questions should be referred to the City Attorney's Office.

14.1.18 Telephone Orders

When placing a telephone order, the cardholder must confirm that the vendor will not charge the procurement card transaction until the item is shipped. This will ensure that the receipt of the item occurs during the same billing cycle as the charge.

Inform the vendor that the City is tax exempt and will not pay tax. The tax exemption number is imprinted on each card.

It is important to inform the vendor that no back-orders are permitted.

A telephone log form will be used to document or record all telephone procurement transactions. This form will be held at the department and forwarded with the monthly billing statement.

14.1.19 Internet Purchases

When making an internet purchase using the P-Card, it is recommended that the purchase be made with a reputable merchant who has a secured internet site (for example, lockbox is present or URL contains https). If you are not comfortable giving your number over the internet, some companies allow the option of placing the order on-line and following up with a P-Card number by telephone. Do a Screen Print of your order confirmation for documentation purposes if the option to print is not made available to you. Do not send a copy of the invoice or order verification via an email disclosing full account information. Do not allow websites to automatically save or keep card information on file.

14.1.20 Missing Documentation

In the event the cardholder does not have the original documentation of the transaction to forward with the monthly statement, the cardholder shall immediately obtain a copy. If a copy cannot be obtained, the Department Head must explain the reason for the lack of supporting documentation and provide a detailed description of the purchase.

Continued incidents of missing documentation may result in the cancellation of the employee's procurement card.

14.1.21 Payment and Invoice Procedures

1. The cardholder must review the statement and note any errors or discrepancies. Procurement card receipts for all items listed on the statement should be attached to the statement. Account numbers for each item (or account numbers and total dollar amounts for groups of items) will be written on a designated payment authorization form to be attached to the statement.
2. The statement will then be reviewed and the form signed by the department representative designated by the Department Head. By signing the form, the designated department Program Manager is certifying that all charges are appropriate, funds are available and payment is authorized based on the attached receipts. Once the department representative has reviewed all statements for which they are responsible, the statements and forms are forwarded to the Accounts Payable section of the Finance Division. All statements will be forwarded to the Finance Division based upon the billing schedule due dates.
3. The Finance Division will ensure that the procurement card charges are paid on a timely basis and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the departments. Department Heads will be notified when individual statements are not received in the allotted time. Continued failure to meet the billing schedule deadlines may result in the revocation of procurement cards at the discretion of the Procurement Card Administrator.

14.1.22 Procurement Card Disputes

If items purchased with the procurement card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the vendor refuses to

replace or correct the faulty item or service, the purchase will be considered in dispute.

It is essential that the time frames and documentation requirements established by the procurement card issuer be followed to protect the cardholder's rights in dispute.

A. Dispute Procedures

1. A disputed item must be identified and explained on the cardholder's memo statement before the statement is forwarded to the Finance Division for payment.
2. The cardholder contacts the merchant about the transaction, and supplies the necessary information to begin the resolution process. In addition, the cardholder will provide written documentation explaining the reason(s) for the dispute and will turn in the completed documentation along with a copy of the statement to the Department Head and/or Program Administrator.
3. If the problem between the merchant and the cardholder is satisfactorily resolved, the cardholder must write the details of the resolution on the bottom of the *Dispute Form*. The revised form shall be forwarded to the Department Head and/or Program Administrator as soon as possible.
4. In the event that a satisfactory agreement cannot be reached with the Merchant, the following steps will occur:
 - a. Forward the completed *Dispute Form* and a copy of the sales draft form to the financial institution providing the procurement card representative. The financial institution will then place the transaction into a dispute status.
 - b. After the item has been registered as a dispute, financial institution providing the procurement card must determine who is responsible by researching the transaction. When responsibility for the transaction is determined, the dispute will be settled online, and will be reflected on the next monthly memo statement.
 - c. When an account is in dispute status, the disputed amount is still included in calculating the available money for authorization (monthly limit). At the time the item is placed in dispute, it is removed from all finance charges, late charges, over limit fees, past due amounts, and calculations.

Finance charges, which accrue from the date of posting until the item is placed in dispute, must be handled according to City policy. Any cardholder statements generated while the account is in dispute will display the following message:

“YOUR ACCOUNT IS IN DISPUTE FOR \$XXX.XX. THIS AMOUNT HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR PAYMENT CALCULATIONS.”

- d. If there continues to be a problem with a particular merchant, the cardholder should notify the Procurement Administrator of the problems.

15.0 PUBLIC ACCESS TO PURCHASING INFORMATION

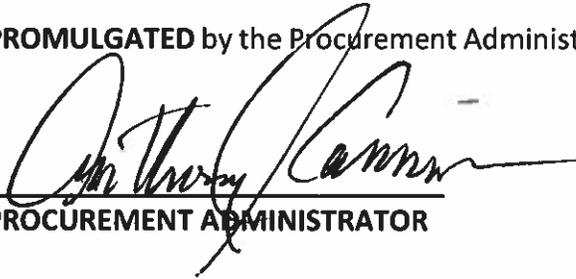
15.1 General

In accordance with Chesapeake City Code Section 54-75, Code of Virginia § 2.2-4342 and the Virginia Freedom of Information Act (Va. Code § 2.2-3700 et seq.), nearly all proceedings, records, contracts and other public records relating to procurement transactions shall be open to the inspection of any citizen or any interested person, in accordance with the Virginia Freedom of Information Act (§ 2.2-3700 et seq.).

However, please note Virginia Code § 2.2-4342(F). Trade secrets or proprietary information submitted by a bidder, offeror, or contractor in connection with a procurement transaction or prequalification application submitted pursuant to subsection B of § [2.2-4317](#) shall not be subject to the Virginia Freedom of Information Act (§ [2.2-3700](#) et seq.); however, the bidder, offeror, or contractor shall (i) invoke the protections of this section prior to or upon submission of the data or other materials, (ii) identify the data or other materials to be protected, and (iii) state the reasons why protection is necessary. A bidder, offeror, or contractor shall not designate as trade secrets or proprietary information (a) an entire bid, proposal, or prequalification application; (b) any portion of a bid, proposal, or prequalification application that does not contain trade secrets or proprietary information; or (c) line item prices or total bid, proposal, or prequalification application prices.

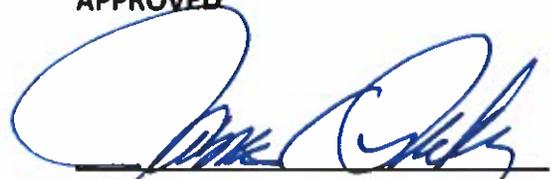
Any questions as to the required disclosure or applicability of an exemption under the VPPA or FOIA, shall be forwarded to the City Attorney, or designee for legal determination.

PROMULGATED by the Procurement Administrator, this 29th day of April, 2019.



PROCUREMENT ADMINISTRATOR

APPROVED



CITY MANAGER

APPROVED AS TO FORM



ASSISTANT CITY ATTORNEY