

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WAITSBURG,
WASHINGTON, APPROVING UPDATES TO THE CITY OF WAITSBURG FINANCIAL
POLICY RELATED TO PURCHASING PROCEDURES, COMMITMENT AUTHORITY AND
COST ALLOCATION**

WHEREAS, questions have surfaced related to purchasing limits of the Waitsburg City Staff and Mayor; and

WHEREAS, the City desires that its purchasing procedures to be consistent with the City of Waitsburg Financial Policy and the Revised Code of Washington;

WHEREAS, the City desires that its Commitment Authority be consistent with the City of Waitsburg Financial Policy and the Revised Code of Washington;

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF WAITSBURG, WASHINGTON, HEREBY
RESOLVES AS FOLLOWS:

Section 1. Purchasing Procedures Approved.

The City Council hereby approves the Purchasing Procedures (Exhibit A).

Section 2. Commitment Authority Approved

The City Council hereby approves the Commitment Authority (Exhibit B).

Section 3. Revenue and Expenditure Policy – Interfund Transfers

Section 4. Cost Allocation Update

The City Council hereby approves the update to the Financial Policy related to Cost Allocation this ___th day of December 2013.

Approved;

Attest:

Marty Dunn, Mayor Pro Tem

Randy Hinchliffe, City Clerk

Approved as to form:

Kristian E. Hedine City Attorney

CITY OF WAITSBURG PURCHASING PROCEDURES

Sections:

- I. Purpose.
- II. Policy statement.
- III. Definitions.
- IV. General provisions.
- V. Purchase of materials, supplies or equipment.
- VI. Public works projects.
- VII. Services.
- VIII. Interlocal joint purchasing agreements.
- IX. Real property acquisition.

I. Purpose.

This chapter is intended to direct the purchase of goods and services at a reasonable cost, using an open, fair, documented and competitive process whenever reasonable and possible. The integrity, efficiency, and effectiveness of Waitsburg's procurement functions are critical elements of sound government.

II. Policy statement.

- A. The city desires a fair and open process for procurement of goods and services that is free from the potential for bias and conflict of interest. In addition, the city desires consistent and appropriate practices for solicitations and contracting. All procurements of goods and services shall provide the city with the best quality and best value. All purchases are to be made within budgetary limitations and for the purpose of the goals and objectives approved in the city's budget. Any purchase made that is not within budgetary limits and the city's commitment authority shall be pre-approved through a budget amendment process. All purchases made by the city shall ultimately be approved by the city council through the voucher approval process.
- B. All City of Waitsburg departments shall make a good faith effort to purchase goods and services within the city when they "are available and suitable to city needs at a price that is competitive" and the departments are expected to procure goods and services that are of high quality and that perform for their intended purpose, and to use good judgment during the procurement process.
- C. The finance department is charged with developing administrative procedures to implement this chapter. Procedures should ensure the fiscal responsibility of the city in expending resources for goods and services for city operations. The procurement procedures of the city shall be based on guidelines provided in the Revised Code of Washington, by the State Auditor's Office, and by Municipal Research Services Center.
- D. The purchasing procedures of this chapter govern the purchase of supplies, materials and equipment, nonprofessional and professional services, and public works contracts. These policies establish a small works roster process to award public works contracts. The small works roster procedures are established for use by the city, pursuant to RCW 35.23.352, and Chapter 39.04 RCW. Lease of equipment or other personal property shall follow procedures for purchase of goods, with the aggregate of lease payments used in lieu of purchase price. Purchase or lease of real estate, franchise agreements, and intergovernmental or interlocal agreements will be entered into in accordance with state law.

III. Definitions.

- A. "Professional services" are services provided by consultants that provide highly specialized, generally one-time expertise to solve a problem or render professional opinions, judgments or

recommendations. The labor and skill involved to perform these types of services are predominantly mental or intellectual, rather than physical or manual. Examples include graphics design, advertising, analysis, financial expertise, accounting, artists, attorneys, bond brokers, computer consultants, insurance brokers, economists, planners, real estate services, etc. This term does not include architectural and engineering services.

- B. "Nonprofessional services" are services that are purchased by the city in which the contractor receives specific instructions and guidance from the city and does not meet the definition of professional services, architectural and engineering services, or public works projects. Examples include machine repair, debt collection services, temporary service agencies, credit card services, equipment service agreements, auctioning services, delivery services, inspections, advertising, etc.
- C. "Architectural and engineering services" means professional services rendered by any person, other than a city employee, to perform activities within the scope of the professional practice of architecture (Chapter 18.08 RCW), professional practice of engineering and land surveying (Chapter 18.43 RCW), and/or professional practice of landscape architecture (Chapter 18.96 RCW).
- D. "Ordinary maintenance" is work not performed by contract and that is performed on a regularly scheduled basis (e.g., daily, weekly, seasonally, semiannually, but not less frequently than once per year), to service, check, or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.
- E. "Public work," as defined in RCW 39.04.010, means a complete project, and includes all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the city or which is by law a lien or charge on any city property. Public work projects include the related materials, supplies and equipment to complete the project. Public works include contracts for maintenance of city facilities or real property.
- F. "Small works roster" is a roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is within the limits set forth by RCW 39.04.155, a city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements. No quotes for multi-craft projects estimated at less than \$65,000 and single-craft projects estimated at less than \$40,000 are required per RCW 35.23.352.
- G. "Request for proposals (RFP)" means a process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are then evaluated based on the idea, including originality, suitability, practicality, expertise, etc. Proposals may be selected based on the quality of the proposal, experience, cost, and references.
- H. "Request for qualifications (RFQ)" means a process that requests interested consultants to submit a letter of interest and a statement of their qualifications. Consultants are evaluated upon their qualifications, expertise, and references. Cost cannot be a consideration until after a consultant has been selected at which point the price may be negotiated.
- I. "Informal competitive quotes" are price quotes from vendors that are obtained using a variety of mediums such as phone, fax, e-mail, or writing. Results must be documented. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- J. "Formal competitive bid" is the process of advertising and receiving sealed written bids from prospective vendors. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- K. "Interlocal agreements" are written contracts pertaining to the exercise of governmental powers in a joint or cooperative undertaking with another public agency.

IV. General provisions.

- A. Federal or State Funds. When procurement involves the expenditure of state or federal funds or grants, purchasing shall be conducted in accordance with any applicable federal or state laws or regulations.

- B. **Breaking Down or Splitting Purchases.** The breaking down, or splitting, of any purchase or contracts into units of phases for the purpose of avoiding the maximum dollar amount is prohibited.
- C. **Emergency Procurements.** Notwithstanding any other provisions of this chapter, the mayor or designated agent may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this section when there exists a threat to public health, welfare, or safety or threat to proper performance of essential functions; provided, that such emergency procurements 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. As soon as practicable, a record of each emergency procurement shall be made and shall set forth the contractor's name, the amount and type of the contract, and listing of the item(s) procured under the contract, which shall be reported to the city council at the next subsequent meeting.
- D. **Amendments and Change Orders.**
1. Amendments or change orders to contracts, including interlocal agreements, which result in the final contract amount in excess of purchase limits identified in this chapter may be administratively approved if the changes are:
 - a. Within the scope and budget of the project or purchase;
 - b. Executed in writing;
 - c. The amount in excess of the mayor's purchase limits will not exceed the mayor's authority for non-budgeted capital or operating expenditures as defined in the Commitment Authority adopted by City Council or the approved project budget, whichever is greater.
 2. Contract amendments that are strictly a change in contract expiration date may be administratively approved.
 3. The value of all change orders will be aggregated, and when any single amendment or combination of change orders on the same project or purchase exceeds the limit under subsection (D)(1)(c) of this section the change must be approved by the city council, except:
 - a. For service contracts to accomplish an ongoing city program rather than a discrete project, the aggregation of administrative change orders shall be recalculated after each contract year; and
 - b. Where the size of the contract makes it probable that administrative change order authority will be quickly exhausted, the city council may, upon recommendation of the mayor, extend the aggregate limits of subsection (D)(1)(c) of this section upon award of the particular contract.
- E. **Signature Authority.** The mayor may delegate the signature authority provided in this chapter to other city employees as deemed appropriate by the mayor in the mayor's sole discretion.

V. Purchase of materials, supplies or equipment.

- A. **Purchasing Limitations.** Purchase limitations apply to the cost of individual items or the sum of the same items purchased at the same time to fulfill a specific business need, which are not part of a public works project as defined by RCW 39.04.010 and these policies. Cost is inclusive of sales tax, delivery charges and any related miscellaneous charges. Limits shown and processes identified in the Commitment Authority shall be followed when authorizing the acquisition of materials, supplies or equipment.
1. **Purchases Less Than \$5,000.** Purchases of materials, supplies, or equipment, where the cost is under \$5,000, do not require formal competitive quotes or direct approval from City Council.
- B. **Exceptions to Purchasing Limitations.** The mayor is authorized to allow open market purchases without obtaining the regularly required competitive quotes, bids or Council approval under the following conditions:
1. **Surplus or Distress Sale.** When it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies or equipment.
 2. **Auctions.** RCW 39.30.045 authorizes the city to acquire supplies, materials, and equipment

through an auction conducted by the United States or any agency thereof, an agency of the state of Washington, a municipality or other government agency, or any private party, without quotations or bids, if the items to be purchased can be obtained at a competitive price.

3. Items for Quick Delivery. When the obtaining of competitive bids or quotations will cause delay resulting in an appreciable loss to the city.
4. Interlocal Joint Purchasing Agreements. Materials, equipment, supplies and services may be purchased under RCW 39.34.080 using joint purchasing agreements with a city, county, state or other public agency where bid requirements of this chapter have been followed by the cooperating agency in obtaining bids. Such joint purchasing agreements shall be approved by the city council prior to solicitation of vendors.
5. Sole Source Procurement. A contract for the purchase of materials, supplies, or equipment may be awarded without complying with the bidding requirements of this chapter when the department director determines in writing, subject to the approval of the mayor, after conducting a good faith review of available resources, that there is only one source of the required materials, supplies, or equipment. The department director or his/her designee shall conduct negotiations, as appropriate, as to price, terms, and delivery time. A record of sole source procurement shall be maintained that lists each contractor's name, the amount and type of each contract, and a listing of the item(s) procured under each contract.
6. No Bids or Quotations Received. When no bids or quotations are received in response to an invitation to bid or request for quotations, the department director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid as the mayor or designee deems appropriate.

C. Informal Competitive Quotes.

1. A city representative shall make an effort to contact at least three vendors. The number of vendors contacted may be reduced if the item being sought is only available from a smaller number of vendors. When fewer than three quotes are requested or if there are fewer than three replies, an explanation shall be placed in the procurement file.
2. Whenever possible, quotes will be solicited on a lump sum or fixed unit price basis.
3. At the time quotes are solicited, the city representative shall not inform a vendor of any other vendor's quote.
4. A written record shall be made by the city representative of each vendor's quote on the materials, supplies, or equipment, and of any conditions imposed on the quote by such vendor.
5. All of the quotes shall be collected and presented at the same time to the appropriate designee as appropriate for consideration, determination of the lowest responsible vendor and award of purchase.
6. Whenever there is a reason to believe that the lowest acceptable quote is not the best price obtainable, all quotes may be rejected and the city may obtain new quotes or enter into direct negotiations to achieve the best possible price. In this case, the department shall document, in writing, the basis upon which the determination was made for the award.

D. Formal Competitive Bid.

1. General. Unless otherwise specifically approved by the city council, all contracts relating to the purchase of materials, equipment, or supplies shall be in accordance with the Commitment Authority.
2. Invitation for Bids. An invitation for bids shall be issued which shall include the specifications and the contractual terms and conditions applicable to the procurement.
3. Public Notice. Public notice of the invitation for bids shall be published at least once in a newspaper of general circulation within the city, not less than 13 calendar days prior to the date set forth therein for the opening of bids, unless for good cause shown, the city council authorizes a different period of time. The public notice shall state the date and time of bid opening. Bids not received by the date and time stated for bid opening will not be accepted or considered.
4. Bid Opening. Bids shall be opened publicly and recorded at the time and place designated in the

invitation for bids.

5. Withdrawal of Bids – Cancellation of Awards. Bids may be modified or the bid may be withdrawn by written or telegraphic notice received in the office designated in the invitation for bids prior to the time set for opening. After bid opening, withdrawal of bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence presented in a sworn affidavit or declaration submitted no later than 5:00 p.m. on the first business day after bid opening, that a clerical mistake was made and not a mistake in judgment, and the bid price actually intended. All decisions to permit the withdrawal of bids after bid opening, or to cancel awards or contracts based on bid mistakes, shall be made by the mayor.
6. Award. The City Council shall award purchases for amounts greater than or equal to the limits as identified in the Commitment Authority. The award of bid shall be made to the lowest responsible bidder whose bid meets the specifications and evaluation criteria set forth in the invitation for bids. The city may reject all bids at its discretion.
- E. Lowest Responsible Vendor. The following factors, in addition to price, may be taken into account by the city in determining the lowest responsible vendor; these criteria shall also apply in selecting products or services either offered with, or associated indirectly with, City programs or facilities:
 1. Any preferences provided by law to local products and vendors;
 2. The ability, capacity, and skill of the vendor to perform the contract;
 3. The character, integrity, reputation, judgment, experience, and efficiency of the vendor;
 4. Whether the vendor can perform the contract within the time specified;
 5. The quality of performance of previous contracts or services;
 6. The previous and existing compliance by the vendor with laws relating to the contract;
 7. Such other information as may be secured having a bearing on the decision to award the contract.

VI. Public works projects.

- A. Purchasing Procedures. Cost for a public works project includes all amounts paid for materials, supplies, equipment, and labor on the construction of that project which is inclusive of sales tax, unless exempted by law.
- B. Purchasing Limitations. The mayor may authorize the purchase and execution of public works projects equal to or less than the dollar threshold for small works projects as provided under RCW 39.04.155 as amended.
- C. Competitive Bids. “Craft” or “trade” means a recognized construction trade or occupation for which minimum wage categories are established by the Department of Labor and Industries of the State of Washington in the locality of the city’s projects or purchases.
 1. Projects for single craft or multiple crafts with a reasonably anticipated price equal to or less than the dollar thresholds as provided under RCW 35.23.352, as amended, do not require the use of competitive quotes or bids.. All purchases require an executed contract.
 2. Projects for single craft or multiple crafts with a reasonably anticipated price higher than the dollar thresholds as provided under RCW 35.23.352, as amended, up to the limits set forth by RCW 39.04.155 as amended shall either use the small works roster or a formal competitive bid procurement process. All purchases require an executed contract.
 3. Projects with a cost in excess of the maximum dollar threshold as provided in RCW 35.23.352, as amended, require a formal competitive bid process. The city council shall authorize these purchases and provide authority for the mayor to execute the related contract. All purchases require an executed contract.
- D. Small Works Roster. There is established for the city of Waitsburg a small works roster contract award process for accomplishment of public works projects with an estimated value threshold as provided under RCW 39.04.155, as amended. The city may create a single small works roster, or may create small works rosters for different categories of anticipated work.
 1. Roster List. The City shall use the small works roster or rosters which are maintained by Municipal Research Services Center (MRSC) and shall consist of all responsible contractors who

have requested to be on the list, and where required by law, are properly licensed or registered to perform such work in the state of Washington.

2. Publication. At least once a year, the MRSC shall publish on behalf of the city in a newspaper of general circulation within the city the notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to an appropriate roster or rosters at any time that they submit a written request and necessary records. The city may require master contracts to be signed that become effective when a specific award is made using a small works roster. An interlocal contract or agreement between the city of Waitsburg and other local governments establishing a small works roster or rosters to be used by the parties to the agreement or contract must clearly identify the lead entity that is responsible for implementing the small works roster provisions.
3. Process. Whenever work that has received city council approval in the current budget, or otherwise been approved by the city council, is sought to be accomplished using a small works roster, a city representative shall obtain telephone, written or electronic quotations from contractors on the appropriate small works roster to assure that a competitive price is established and to award contracts to the lowest responsible bidder as follows:
 - a. Whenever possible, invite at least one proposal (small works roster) from a minority or woman-owned contractor who shall otherwise qualify
 - b. A contract awarded from a small works roster need not be advertised. Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This paragraph does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.
 - c. Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.

If the estimated cost of the work is \$100,000 or more but less than or equal to the dollar threshold for small works projects as provided under RCW 39.04.155, as amended, the city may choose to solicit bids from less than all the appropriate contractors on the appropriate small works roster but must also notify the remaining contractors on the appropriate small works roster that quotations on the work are being sought. The city has the sole option of determining whether this notice to the remaining contractors is made by:

 - i. Publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
 - ii. Mailing a notice to these contractors; or
 - iii. Sending a notice to these contractors by facsimile or other electronic means.
 - d. For purposes of this policy, “equitably distribute” means that the city may not favor certain contractors on the appropriate small works roster over other contractors on the appropriate small works roster who perform similar services. At the time bids are solicited, the city representative shall not inform a contractor of the terms or amount of any other contractor’s bid for the same project.
 - e. A written record shall be made by the city representative of each contractor’s bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.
5. Determining Lowest Responsible Bidder. Where bidders have not been prequalified, the city shall award the contract for the public works project to the lowest responsible bidder; provided, all bids may be rejected and the city may call for new bids.
6. Cancellation of Invitations for Quotations. An invitation for quotations may be canceled at the discretion of the department director. The reasons shall be made part of the contract file. Each

invitation for quotations issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations and state briefly the reasons for cancellation.

- E. Formal Competitive Bid. For public works not using a small works roster, the formal competitive bid process shall be used.
- F. Bid Deposit, Performance Bond for Public Works Improvement Projects. Whenever competitive quotes or bids are required, a bidder shall make a deposit in the form of a certified check or bid bond in an amount equal to not less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person. All public works contractors shall furnish a performance guarantee or bond, as determined by the city in its sole discretion, in an amount equal to the total amount of the contract. In lieu of a performance bond on contracts of \$35,000 or less, per RCW 39.08.010, a contractor may choose to have 50 percent of the contract retained for a period of 30 days after the date of final acceptance.

VII. Contracts and Agreements for Services.

- A. Purchasing Limitations. Purchase limitations apply to the cost related to the acquisition of services to fill a specific business need. Cost is inclusive of any required sales tax and related expenses.
 - 1. All initial agreements with governmental agencies require council approval; annual renewal or extension of existing contracts and agreements require the mayor's approval.
 - 2. Contracts and Agreements under \$5,000 can be executed by department directors or designee; from \$10,000 to \$25,000 can be executed by the City Administrator with concurrence of the Mayor or designee; and contracts/agreements above \$25,000 can be executed by the City Council.
- B. Process.
 - 1. Architectural, Landscape Architectural, and Engineering Services Contracts. Procedures set forth in Chapter 39.80 RCW shall be followed for contracts for architectural and engineering services, as defined in RCW 39.80.020.
 - a. Roster. Annually MRSC, on behalf of the City will publish in advance the anticipated city's requirements for architectural, landscape architectural, and engineering services and its acceptance of statements of qualifications for contractors interested in providing these services.
 - b. Contracts Less Than \$100,000. Contracts that have an estimated cost of less than \$100,000 can be procured using an informal request for qualification process. This process requires the city representative to develop a written scope of the project and any criteria used to select the service provider and then select a qualified contractor from the city's architectural, landscape architectural, and engineering service roster. If the city representative does not choose to use the appropriate roster, then a formal request for qualification process must be followed.
 - c. Contracts Greater Than \$100,000. Contracts that have an estimated cost in excess of \$100,000 must use a formal request for qualification (RFQ) process. The development of an RFQ along with the proper public notification shall be made in accordance with procedures adopted by the finance department in the best interest of the city; provided, however, that the mayor may in the following circumstances waive the RFQ process for contracts greater than \$100,000, and allow the acquisition of services from the city's architectural, landscape architectural and engineering services roster:
 - i. It is deemed in the best interest of the city to expedite the acquisition of services; or
 - ii. It can be demonstrated that there are sufficient consultants on the roster that possess the required qualifications to perform the scope of work; or
 - iii. A consultant on the city's roster has previously provided satisfactory service to the city, has previously provided services related to the specific project, and has the qualifications to perform the scope of work.
 - d. Contract Required. A contract is required to purchase architectural, landscape architectural, and engineering services.

2. Professional and Nonprofessional Services (Non-architectural, Landscape Architectural, and Engineering Services).
 - a. Contracts Less Than \$100,000. Contracts that have an estimated cost of less than \$100,000 can be procured using an informal request for proposal process. This process requires the city representative develop a written scope of the project and any criteria used to select the service provider. The city representative will use this information when selecting the contractor to provide the services. Multiple proposals are optional and at the discretion of the department director. If multiple proposals are used to make a selection, a standard process must be used for obtaining all proposals.
 - b. Contracts in Excess of \$100,000. Contracts that have an estimated cost in excess of \$100,000 shall be procured using a formal request for proposal (RFP) process. The development of an RFP along with the proper public notification shall be made in accordance with procedures adopted by the finance department in the best interest of the city.
 - c. Contract Required. A contract is required to purchase professional and nonprofessional services.

VIII. Interlocal joint purchasing agreements.

- A. Cooperative Purchasing. The city may enter into interlocal governmental cooperative purchasing arrangements with other public agencies similarly authorized under RCW 39.34.030 when the best interests of the city of Waitsburg would be served thereby. Any cooperative purchasing agreement shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties and shall be governed by the requirements of state law in regard to competitive bidding, when applicable. The competitive bid process of the original jurisdiction shall substitute for Waitsburg’s. All interlocal joint purchasing agreements shall be presented to the city council for prior approval.

IX. Real property acquisition.

- A. Real Property – Mayor’s Acquisition Authority. The mayor or designee is authorized, in the following instances, to accept by gift or acquire dedications, easements, rights-of-way, fee estates or other interests in real property for use by or on behalf of the city or any department of the city.
 1. Minor Acquisitions. Any such acquisition where the estimated value is less than \$10,000.
 2. All other real property acquisitions will be submitted to the council for approval.
- B. Real Property Mayor’s Leasing Authority.
 1. The mayor or designee is authorized to execute leases of real property on behalf of the city where the term of the lease does not exceed one year and the consideration does not exceed \$10,000 per year as budgeted by the council.
 2. A lease that exceeds the limits stated in subsection (B)(1) of this section, shall be submitted to the council for approval.

**COMMITMENT AUTHORITY
CAPITAL EXPENDITURES ⁽¹⁾**

AUTHORITY	BUDGETED ITEMS							NON-BUDGETED ITEMS ⁽⁵⁾		
	EQUIPMENT				CONSTRUCTION PROJECTS ⁽⁴⁾			LESS THAN \$10,000	\$10,000 AND UP	LAND PURCHASE Sale or Exchange
	LESS THAN \$5,000 ⁽²⁾	\$5,000 TO LESS THAN \$25,000 ⁽²⁾	\$25,000 TO LESS THAN \$50,000 ⁽³⁾	\$50,000 AND UP ⁽³⁾	LESS THAN \$5,000 ^(2,3)	\$5,000 TO LESS THAN \$15,000 ⁽³⁾	\$15,000 AND UP ⁽³⁾			
City Council				X			X	X	X	
Mayor			X				X	X	X	
City Admin		X				X				
Dept Head	X				X					

(1) Cost greater than \$500 and useful life expectancy greater than one year.

- (2) Telephone or written quotations required for purchases of \$5,000 or greater.
- (3) Sealed bids/formal bid process required for materials/equipment for greater than or equal to \$100,000; and for public works projects over the limits for single craft or multiple crafts as set forth in RCW 35.23.352, unless Small Works Roster is used for contracts up to the limits set forth in RCW 39.04.155. Only Mayor's approval required for any public works projects over the limits set forth in RCW 35.23.352 for single craft and up to the limits for use of the Small Works Roster as set forth in RCW 39.04.155. Federally funded projects must follow Federal guidelines.
- (4) Commitment of contingencies within an approved project budget are at the discretion of the department manager up to 10% of the contingency or \$5,000 (whichever is greater) for a single commitment.
- (5) "Non-budgeted items" includes overage of budgeted line items.
Council authorization is required on any non-budgeted expenditure that would cause the overall Fund expenditures to exceed the total Fund appropriation amount.

OPERATING EXPENDITURES ⁽⁶⁾

AUTHORITY	BUDGETED ITEMS				NON-BUDGETED ITEMS ⁽⁵⁾		
	LESS THAN \$15,000	\$15,000 TO LESS THAN \$25,000	\$25,000 TO LESS THAN \$50,000 ⁽²⁾	\$50,000 AND UP ⁽³⁾	LESS THAN \$5,000	\$5,000 TO LESS THAN \$15,000	\$15,000 AND UP
City Council				X			X
Mayor			X			X	
City Admin		X			X		
Dept Head	X ⁽⁷⁾						

- (6) Expenditures directly related to the primary service activities of the department, excluding Capital Expenditures.
- (7) Authority for commitment to purchase operating supplies and services may be delegated by Department Heads to personnel within their departments, but responsibility resides with Department Head.

CONTRACTS AND AGREEMENTS

AUTHORITY	BUDGETED ITEMS					NON-BUDGETED ITEMS ⁽⁵⁾			
	WITH GOVERNMENTAL AGENCIES ⁽⁸⁾	WITH COMPANIES			WITH CONSULTANTS ⁽¹⁰⁾	GRANTS ⁽¹¹⁾	GRANTS ⁽¹¹⁾ - (MATCHING \$ AND/OR IN-KIND SERVICES)	LESS THAN \$15,000	\$15,000 AND UP
		LESS THAN \$5,000 ⁽⁹⁾	\$5,000 TO LESS THAN \$25,000	\$25,000 AND UP					
City Council	X				X		X		X
Mayor	X			X	X	X	X	X	
City Admin			X		X		X		
Dept Head		X							

- (8) Initial contracts and agreements require Council approval; annual renewal or extension of existing contracts and agreements require Mayor's approval.
- (9) Commitment Authority is driven by the dollar amount, not by the original signature on the contract.
- (10) Negotiated contracts for architectural and engineering services required (RCW 39.80).
- (11) Approval required at time of application for grant.

Section 3. Revenue and Expenditure Policy

k. Interfund Transfers/Shared Revenues

In an effort to provide revenues to separate funds to cover costs that otherwise would not be allowed to mix funds, the City transfers money between funds for maintenance and operating costs and debt service obligations. All transfers are approved by Ordinance and remain in full force until modified or cancelled by the City Council. Current Transfers include:

1. Transfers to the General Fund.
 - a. Annually the City Treasurer transfers \$500 from the Promotion fund to help defray tourism related maintenance and operations costs at the City's Fairgrounds Facility.
 - b. Annually the City Treasurer transfers a total of \$12,500 (\$2,500 from Real Estate Excise Tax I, \$10,000 from Real Estate Excise Tax II) from Municipal Capital Improvements Fund to help defray maintenance and operational costs associated with the City Parks and other City Facilities.
 - c. Monthly, the City Treasurer transfers 16% of utility late fees as the applicable share of solid waste collection as a part of the utility billing system.
 - d. Quarterly, the City Treasurer splits Pacific Power Franchise fees with 17% going to the general fund for power cost sharing expenses.
2. Transfers to City Street Fund
 - a. Quarterly, the City Treasurer splits Pacific Power Franchise fees with 83% going to the Street fund for power cost sharing expenses related to street lighting.
3. Transfers out of the Water and Sewer Fund
 - a. On a monthly basis, the City Treasurer, in conjunction with the City's annual budget Ordinance, transfers specific amounts or portions of user fees out of Water and Sewer to a variety of capital and debt service related funds based on allocated budget amounts to cover debt service and capital project needs for the fiscal year.

Section 4. Cost Allocation Update

Allocated Costs

The City has identified a variety of ways to identify and determine an appropriate percentage of costs for allocation to various funds. These ways include:

- Number of employees (FTEs) in each fund
- Total operating expenses (dollar amounts) in each fund (not including debt service and capital improvements)
- Total operating revenues (dollar amounts) in each fund (not including beginning fund balances, grant receipts or interfund transfers)
- Number of expenditure line items used in each fund
- What percentage of Department time is directly attributable to utilities
- Attorney time spent on Department specific issues

The following is the plan to allocate employee payroll costs to the various funds and or departments that utilize those employees.

- Identify the total various fund and department costs to be allocated.

- Meet with the Public Works Director and or Department heads each year during the budget development process in order to review and adjust the prior year numbers from the above-mentioned ways to determine the appropriate percentages to use in allocating costs to be allocated to various funds and or departments.
- Allocate the costs to appropriate departments by percentage ensuring appropriate costs are charged back to the appropriate funds and or departments (minus any one time capital project costs that would otherwise skew department totals) .
 - Shared costs associated with the City Shop are to be shared by general fund, streets and Water/Sewer funds and will be allocated as follows:
 - Each department total divided by the aggregate total of the three funds; yielding an applicable percentage amount to be used for sharing “Shop” Cost
 - Example:
 - Total of the Shared Funds (CE, STS, Water/Sewer): \$100
 - Cost Share of Current Exp. (FGs, Parks, Cem.): \$33
 - FGs: \$11, Parks: \$11, Cem: \$11
 - Streets: \$17
 - Water: \$25, Sewer \$25
 - Percentage Share of Current Expense: 11% x 3
 - Percentage Share of Streets: 17%
 - Percentage Share of Water/Sewer: 25% x 2