



# City Manager's Office

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## MEMORANDUM

**DATE:** February 16, 2022

**TO:** Mayor and City Council

**THROUGH:** Doug Thornley, City Manager Approved Electronically

**FROM:** Deborah Lauchner, Finance Director

**SUBJECT:** Item B.2. Purchasing Policy Update

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At agenda briefing we were asked to provide the highlighted document showing the new language that has been included in the updated policy. Attached is a document showing the new language highlighted in yellow. There are also some areas where we reworded the language for better flow. These are not highlighted.

Please let me know if you have any questions.

# CITY OF RENO – Policies and Procedures

## Purchasing

Approved by: Doug Thornley, City Manager

Number: 303

Effective Date: XX-XX-XXXX

### I. PURPOSE

The purpose of this policy is to guide staff members in the purchasing of goods and services on behalf of the City by establishing responsibilities and authorization levels, outlining statutory requirements, and setting forth the policies and procedures that govern purchasing activities. This policy is for purchases governed by the Local Government Purchasing Act, Nevada Revised Statutes (NRS) §332 *et. seq.* This policy does not cover Public Works projects, terms for which are governed by NRS §338.

These guidelines are not intended to address every issue, exception or contingency that may arise in the course of purchasing activities. Accordingly, the basic standard that should always prevail is to exercise good judgement in the use and stewardship of City resources. Any questions about purchasing activities or proper purchasing process should be referred to the City's Purchasing Technician in the Finance Department.

### II. REVISION HISTORY

12-15-1995 Adopted  
11-01-1999 Revised  
02-17-2003 Revised  
07-01-2009 Revised  
09-26-2012 Revised  
09-01-2015 Revised  
04-14-2021 Revised  
XX-XX-XXXX Revised

### III. REFERENCES

Code of Federal Regulations (CFR)  
NRS §332 – Purchasing: Local Governments  
NRS §333 – Purchasing: State  
NRS §338 – Public Works is not a part of this Policy  
Nevada Attorney General Opinions

### IV. PERSONS AFFECTED

All elected officials, officers, City of Reno employees, and board/commission members.

## V. POLICY

It is the policy of the City of Reno to purchase goods and services necessary to conduct City business in a manner that is cost effective, efficient, and in compliance with the Local Government Purchasing Act. The objectives of this policy are to (1) secure goods and services at the lowest cost possible commensurate with quality requirements and the City's needs, (2) establish authority, responsibility, and accountability for purchasing activities conducted on behalf of the City, (3) ensure appropriate levels of competition and provide an equal opportunity for all qualified vendors to do business with the City, (4) ensure compliance with purchasing policies and procedures, (5) standardize procedures where appropriate to ensure organization-wide policies and goals are achieved, and (6) implement simple yet effective internal control procedures that maximize productive use of public funds and protect City assets from unauthorized use.

## VI. DEFINITIONS

- A. Authorized Employee – An employee authorized by their department to make purchases of goods and services, and enter into contracts under this policy.
- B. Contract – A written agreement between two or more capable parties. To constitute a contract, there must be an offer and an acceptance.
- C. Cooperative Purchasing – Sharing procurement contracts between governments. A type of cooperative arrangement, often among businesses, agreeing to aggregate demand to get lower prices from selected suppliers. Often used by government agencies to reduce the cost of procurement. In a cooperative purchasing arrangement, agencies aggregate individual product and service needs into a single solicitation effort. Each participating agency is bound to the contract resulting from the singular effort. This is not equivalent to a joinder contract.
- D. Environmentally Preferable Purchasing – Refers to buying products and services that have a lesser or reduced harmful effect on human health and the environment when compared with competing products/services that serve the same purpose. May also be referred to as “Green Purchasing.” The approach integrates environmental factors into the purchasing process and policies using the following guidelines:
  - 1. Pollution Prevention – Does the item being purchased reduce or eliminate toxicity, air, and water emissions?
  - 2. Life-cycle – When purchasing an item, consider the cost, plus the environmental impact over the lifetime of the product or service.
  - 3. Natural Resource Protection – Provide a purchasing preference for sustainable, reusable or reused content, and recycled materials over virgin materials. A preference should also be provided for water and/or energy conservation.

- E. Joinder Contract – A governing body, or its authorized representative, and the State of Nevada may join or use the contracts of local governments located within or outside this State with the authorization of the contracting vendor. The originally contracting government entity is not liable for the obligations of the government entity which joins or uses the contract. A governing body, or its authorized representative, may join or use contracts of the State of Nevada or another government entity with the authorization of the contracting vendor. Pursuant to NRS §332.195, the State of Nevada or other government entity is not liable for the obligations of the local government which joins or uses their contract.
- F. Market Conditions – Discretionary measures used to determine if the number of qualified providers available are sufficient to justify the time and expense necessary to obtain quotes.
- G. Postconsumer Content – Material from products that were used by consumers or businesses and would otherwise be discarded as waste. If a product is labeled recycled content, the rest of the product material might have come from excess or damaged items generated during the normal manufacturing processes rather than through a local recycling program.
- H. Professional Services – Personal services requiring a high degree of professional or technical skill such that selection of the appropriate person/entity may not be adaptable to the competitive bid process.
- I. Public Works Projects – New construction, repair, or reconstruction of a project financed, in whole or in part, from public money for public buildings, roads, streets, sewers, parks, and playgrounds, as more fully described in NRS §338.010.
- J. Purchase – Expenditures for goods and/or services, as well as payments for leases and personal property.
- K. Recyclable Products – **Products that** can be collected and re-manufactured into new products after they have been discarded. These products do not necessarily contain recycled materials and only benefit the environment if people recycle them after use.
- L. Recycled Content – Products are made from materials that would otherwise have been discarded. Items in this category are made totally or partially from materials destined for disposal or recovered from industrial activities. They can also be items that are rebuilt or remanufactured from used products.
- M. Scope of Services – A detailed description of the specific tasks, inspections, assessments, reports, sample documents, or any other document, product, deliverable or task that the vendor shall provide for the City.
- N. Sole Source – **Sole source procurement means that only one source (vendor/supplier) exists to purchase the equipment, goods or supplies. This is not to be confused with a brand specific purchase.**

- O. State Contracts – Contracts entered into by the State of Nevada Purchasing Division which are located at <https://nevadaepro.com/bs/>. These contracts are eligible for use by the City of Reno pursuant to NRS §332 and §333.

## VII. RESPONSIBILITIES

A. The Finance Department is responsible for:

1. Administration and enforcement of this policy; and
2. Analyzing purchase requests, determining financing options, and determining the most cost effective method of acquisition, including lease options versus cash purchase; and
3. Researching purchase requests for joinder opportunities, existing cooperative purchasing agreements, and State contracts then notifying department heads or their designees of alternative opportunities for the purchase; and
4. Coordinating bid processes, ensuring the correct type of solicitation is used for purchases, and publicly posting bid opportunities on the City's designated solicitation site; and
5. Maintaining blanket purchase orders and vendor list, reviewing citywide purchases to determine if a contract could be beneficial for the City's future purchases, and maintaining the commodity code list; and
6. Ensuring disbursements are recorded in the period in which goods or services were received; and
7. Administering the Purchasing Card program and ensuring authorized users have completed the Purchasing Card Agreements with applicable acknowledgements and approvals prior to issuing a card; and
8. Ensuring appropriate records are maintained as required by law.

B. Department Heads are responsible for:

1. Ensuring all personnel authorized to negotiate or make purchases on behalf of the City have read this policy and attended any training offered by the City; and
2. Ensuring only authorized personnel are permitted to negotiate or make purchases on behalf of the City (departments may adopt additional procedures as warranted for individual requirements); and

3. Communicating to both the Finance and Human Resources Departments when employees are in non-working status to manage the Purchasing Cards that have been issued.
- C. Authorized employees are responsible for being fiscally conservative by only purchasing what is necessary and obtaining goods and services in the most cost effective and efficient manner.
- D. Department staff is responsible for verifying the accuracy of vendor invoices by confirming the following information:
1. The quantity charged on the invoice reflects the actual amount received; and
  2. The prices charged on the invoice are accurate and match the agreed upon prices; and
  3. Sales tax has not been charged; and
  4. The invoice has not been paid already; and
  5. The invoice has been properly coded to the appropriate fund, cost center, cost objects, and commodity codes; and
  6. The items were shipped to a City operated property location; and
  7. Proper segregation of duties between coding the invoice and approval of the invoice are maintained; and
  8. Proper entry and review of all invoices being sent to the Finance Department for payment.
  9. Submission of invoices to the Finance Department for payment within 10 business days of receipt.
- E. Elected officials and department heads, who have authority over budget administration of a department, are responsible for all the purchasing and contracting activities that originate from their office or staff. Purchasing and contracting activities that appear to be in conflict with the criteria set forth in this policy shall be forwarded by the Finance Department to the City Manager for review. Additionally, elected officials and department heads may be held professionally responsible and personally liable for any purchases, contracts, or lease/rental of materials, equipment, or contracting for services that are not properly authorized or which are not in compliance with this policy.

## VIII. PROCEDURES

### A. General:

1. Regardless of the type of item or service being purchased, virtually every purchase transaction goes through seven distinct stages in varying degrees:
  - a. Assessing and determining resource needs.
  - b. Developing specifications.
  - c. Soliciting and evaluating quotations, bids, or proposals.
  - d. Selecting the best proposal.
  - e. Awarding the contract or purchase order and authorizing the work to proceed.
  - f. Receiving and inspecting goods or services to ensure they conform to specifications.
  - g. Paying the vendor when the contract terms have been met.
2. Responsibility for purchasing should be separate from payment authorization and, where possible, from the receipt of goods and services. Responsibilities for coding/data entry of invoices and approval of the entered data with invoice copies to be sent to Finance for payment should be separated. Providing for adequate segregation of duties helps mitigate the risk of fraud, waste, and abuse in the purchasing process.
3. Purchases shall not be split into smaller components in an effort to avoid the competitive bidding and/or authorization requirements. Departments may not enter into separate, alternate, or unilateral agreements, contracts or purchase orders for goods and/or services that the City has entered into on an existing agreement, contract, or purchase order without approval of the City Manager.
4. All claims or accounts against the City shall be presented to the Finance Department for payment within 30 days from the time such claims or accounts become due or payable.
5. City independent contractor agreements require compliance with all state and federal law. As to employee nondiscrimination standards, the City requires the following language, or language to the similar effect, be included in all independent contractor agreements as follows:

*In connection with the performance of work under this Contract, the Contractor shall not discriminate against any employee or applicant for employment because of age, race, creed, religion, color, veteran status, sex, sexual orientation (means having or being perceived as having an orientation for heterosexuality,*

*homosexuality, or bi-sexuality), gender identity or gender expression (means a gender-related identity, appearance, expression, or behavior of a person regardless of the person's assigned sex at birth), physical condition, disability, national origin, or any other protected class status applicable under federal, state or local law, rule or regulation. Race includes traits associated with race, including, without limitation, hair texture and protective hairstyles. Any violation of this provision by Contractor shall constitute a material breach of contract.*

## B. Types of Solicitations:

1. Requests for Bids (RFB) – An RFB is a request to vendors to submit an offer or quote for specific, defined goods or products. An RFB should be used when seeking a fixed price for goods with known specifications (e.g. Dell XPS 13 Laptops). RFBs must be posted on the City’s designated solicitation site.
2. Requests for Proposals (RFP) – An RFP is a request to vendors to submit a proposal for goods or services for which specifications or methodology of providing the desired goods or services is not defined. An RFP is generally used for more complex goods or services purchases. RFPs allow for consideration of factors other than price, including qualifications of the vendor and the vendor’s ability to perform. RFPs must be posted on the City’s designated solicitation site.
3. Requests for Qualifications (RFQ) – An RFQ is a request for a statement of qualifications for a certain class of vendors or consultants. RFQs must be posted on the City’s designated solicitation site.
4. Informal Quotes – When formal bidding is not required by this policy, staff may seek informal quotes either by posting a request on the City’s solicitation site or by seeking quotes by verbal or written request. An informal quote is a simple request for pricing on a simple, low-cost good or service. If quotes are solicited by verbal or written request, staff must create a quote summary to record the quotations received. Any verbal quotes must be confirmed by written confirmation from the vendor/supplier of the quote.

## C. Competitive Bid Requirements:

1. Purchases must always be made with the best value in mind. Competitive bid requirements may at times be met by use of a joinder contract.
2. Upon determining that sufficient funds are available in the budget (including grant monies), departments may proceed with the purchase process subject to the competitive bid requirements in NRS §332 and any subsequent revisions in its process for issuing and receiving formal bids subject to this policy.
  - a. \$0 - \$9,999.99 – Purchases in this cost range may be made with a single price quote.



- b. \$10,000 - \$24,999.99 – Purchases in this cost range require a minimum of two written price quotes. The quotes must be attached to the purchase order requisition.
- c. \$25,000 - \$99,999.99 – Purchases in this cost range require a minimum of three written price quotes. The quotes must be attached to the purchase order requisition.
- d. \$100,000 and over – Purchases in this price range require use of a competitive bidding process. If a Joinder Contract is available for the goods and/or services, the City will utilize the Joinder Contract unless the user department identifies and documents needs where a unique bid is necessary. Approval to not use a Joinder Contract must be obtained by the Finance Director.

- 3. Competitive bid documents must include procedures for filing protests that comply with NRS §332.068. In the event a competitive bid is issued for the procurement of goods or services that will be funded with grant money, the protest provisions shall also comply with any requirements set forth in the grant award document or follow the State of Nevada protest requirements.

D. Purchases Made with Federal Grant Money:

- 1. Federal purchasing requirements are published in 2 CFR §200.317 - §200.327.
- 2. Departments are responsible to ensure expenditures are allowable per the terms and conditions of the grant award documents.
- 3. If the federal or grant guidelines are more stringent than this policy, those guidelines must be followed. All purchasing activities must be documented and submitted with invoices for payment processing to document the correct procedures were followed.
- 4. Purchases from \$0 - \$50,000 require at least three quotes obtained from published catalogs, in writing, or from the internet.
- 5. Equipment or materials purchased with a single purchase price of \$5,000 or more and a useful life of more than one year must be reported to the Finance Department for tracking purposes.
- 6. Prior to expending any federal funds, a search on the federal System for Award Management (sam.gov) website to ensure the vendor is in good standing. If the search comes back as “no record found,” the vendor must sign a Certificate Regarding Debarment, Suspension, Proposed Debarment and Other Responsibility

Matters. This document is located **on BLI under the policies/forms tab**. Grant purchases equal to or greater than \$50,000 require the signed certification.

7. Federal Procurement Standards 2 CFR §200.321 requires all necessary affirmative steps are taken to ensure small and minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

E. Discretionary Purchases:

1. For staff meetings, public meetings and business meetings, refreshments and light lunches may be purchased and approved by department heads. **Food and drink items may not be purchased using Enterprise Funds.**
2. Tickets and tables at special events may only be purchased for City Council and employees by the City Manager or Assistant City Manager.
3. Bottled water and filtration systems may only be purchased when there is inadequacy of the building's source of water, or when needed for safety considerations, incidents (i.e. fires), or special events.
4. Other discretionary purchases must be approved by the City Manager or designee.

F. Capital Equipment: Purchases of items having an acquisition price of \$10,000 and a service life of more than one year must be **reported to the Finance Department to be capitalized** in the City's records. The Finance Department will **then** initiate a Fixed Asset Report Form and furnish a barcode inventory tag for such items. (See Capital Asset Policy 205).

G. Green Guidelines – Environmentally Preferable Purchasing:

1. **Environmentally preferable items are products that** are less harmful to human health and the environment when compared to competing products that serve the same purpose.
2. Employees should ask their vendors if green products are available.

H. Exceptions to the Competitive Bidding Process:

1. NRS §332.115 provides for the purchase of items or services that are not adaptive to competitive bidding due to their nature. Examples of this include sole source, software, professional services, books, and parts compatibility. Upon request of an authorized employee, the Finance Director, or designee, in consultation with the Office of the City Attorney **and the Purchasing Technician**, will make the determination of what may fall within this exception category.
2. Emergency Purchases:

- a. Generally, it is the policy of the City to solicit quotations or bids for purchases of commodities or services for specific dollar amounts and to select vendors on a competitive basis. Purchases that address an immediate and serious need for equipment, supplies, or services may be purchased without complying with the competitive bidding procedures.
- b. An emergency purchase must comply with the following:
  - i. the City's need for the equipment, goods or services cannot be met through the time constraints of the normal purchasing procedures; and
  - ii. the lack of equipment, goods or services would seriously threaten the functioning of the City government, the preservation of property, or the health or safety of any person.
- c. If the Mayor, City Manager, or designee determines that an emergency exists affecting the public health, safety, or welfare, a contract or contracts necessary to contend with the emergency may be let without formal bids or quotes. If such an emergency action is taken, the action shall be reported to Council at its next available regularly scheduled meeting.
- d. If an emergency is declared by the Governor of the State of Nevada, or the President of the United States of America, the purchasing procedures are discussed below. During such a time, the following requirements will also be in place:
  - i. The Finance Department will notify departments that an emergency purchasing freeze is now in place.
  - ii. An emergency purchasing freeze will be applied to petty cash, blanket purchase orders, regular disbursements, purchasing cards, and regular purchase orders.
  - iii. Departments will note on every disbursement request sent to the Finance Department justification for the expense to include title of contract or agreement, date of approval, and approving body or staff department. Departments should notate in a manner similar to the following: Interlocal Agreement ABC approved by Council at 04/16/2020 meeting under item B.12.
  - iv. If the expense has not been approved via a signed agreement or contract prior to the emergency purchasing freeze, the department head may submit a memorandum requesting purchase approval to the Finance Director, or designee, to include the G/L fund, amount

of expense, vendor, and justification of necessity. This memorandum must be approved by the Finance Director or designee prior to incurring the expense and a copy of this approval must be submitted with the disbursement form.

3. Purchases Made Using Federal Dollars Under Federal and/or State Declared Disasters:

- a. All purchases made during a state or federally declared disaster that use federal dollars or are to be reimbursed from federal dollars must comply with the federal purchasing requirements published in 2 CFR §200.317 through 2 CFR §200.327.
- b. Purchases from \$0 - \$50,000 require at least three quotes obtained from published catalogs, in writing, or from the internet.
- c. Equipment or materials purchased with a single purchase price of \$5,000 or more and a useful life of more than one year must be reported to the Finance Department for tracking purposes.
- d. A search must be completed on the federal System for Award Management (sam.gov) website to ensure the vendor is in good standing. If the search comes back as “no record found,” the vendor must sign a Certificate Regarding Debarment, Suspension, Proposed Debarment and Other Responsibility Matters. This document is located on BLI under the policies/forms tab. Purchases equal to or greater than \$50,000 require the signed certification.
- e. Federal Procurement Standards 2 CFR §200.321 requires all necessary affirmative steps are taken to ensure small and minority businesses, women’s business enterprises, and labor surplus area firms are used when possible.
- f. Contracts issued that intend to use federal dollars as a funding source while under a state or federally declared disaster have specific language requirements to be in conformance with federal procurement policies and be eligible for FEMA reimbursements.

4. Sole Source Purchasing:

- a. Generally, it is the policy of the City to solicit quotations or bids for purchases of commodities or services for specific dollar amounts and to select vendors on a competitive basis. Certain purchases in which the products or services may only be obtained from a single source may be purchased without complying with the competitive bidding procedures.

- b. Sole source purchases must be justified in sufficient detail to explain the basis for suspending the usual competitive purchasing process. Use of Sole Source purchasing requests must:
  - i. Be determined by documented research; and
  - ii. Not be based on a requirement for a particular proprietary product or service if there are more than one potential bidder or offeror for the item; and
  - iii. Not be based on a brand name product; and
  - iv. Include detailed, written justification for the use of the exception. The exception must be authorized, in writing, by the Finance Director or the City Manager.

#### 5. Professional and Personal Services Procurement:

- a. Generally, it is the policy of the City to solicit quotations or bids for purchases of services and to select vendors on a competitive basis.
- b. The procurement of professional services for any architect, landscape architect, engineer, artist, environmental consultant, land surveyor, construction project manager, accountant, appraiser, financial advisor, attorney, or other provider of professional services involving a high degree of technical or individual skill shall be based on demonstrated competence, and the professional qualifications necessary for satisfactory performance of the required services, after notice to a number of potential offerors adequate to permit reasonable competition consistent with the nature and requirements of the procurement.
- c. Only the City Attorney may authorize hiring of outside legal counsel. The Finance Director will select outside bond counsel with City Attorney concurrence.
- d. Offerors shall provide evidence that the person or firm carrying out contract responsibilities possesses the expertise and experience to perform the requisite professional services. The contract file shall contain a written summary of the basis on which notice to potential offerors was given and on which the award was made.

#### I. Approval Requirements:

- 1. The following approval requirements shall apply to purchases of all kinds and agreements/contracts including agreements/contracts that fall outside of NRS Section 332:

- a. \$0 - \$10,000 – Division heads or program managers that have been authorized by their department head may approve purchases.
  - b. \$0 - \$50,000 excluding Professional Services of \$25,000 or more – Department heads or members of the City Manager’s management team may approve purchases. Professional Services of \$25,000 or more may not be approved by Department Heads or members of the City Manager’s management team.
  - c. Professional Services Contracts between \$25,000 and \$99,999.99 may be approved by the City Manager, Finance Director, or their designees.
  - d. \$0 - \$99,999.99 – the City Manager, Finance Director, or their designees may approve.
  - e. \$100,000 and above (individually or cumulatively except as described in section I.5) must be approved by the City Council.
2. The approval requirements outlined above are not diminished or relieved in any way by any other factor related to the purchase, including but not limited to, whether one department or multiple departments fund the purchase; whether the purchase is financed through a lease agreement or purchased outright; and regardless of the method used to comply with competitive bid requirements.
  3. Contracts that span multiple fiscal years and exceed staff approval levels outlined above in any single contract term or fiscal year, require approval by City Council.
  4. Contracts that span multiple years, exceed staff approval levels outlined above, and include a clause that the continuation of the contract is subject to annual appropriations will not require Council approval if the total fiscal year amount expended does not equal or exceed \$100,000.
  5. Multiple contracts with the same, overlapping or directly related scope of services or specifications with a single vendor will be cumulative in determining approval levels. If the vendor provides a completely different scope of services, those contracts would not be cumulative when determining approval requirements.

J. Methods of Payment:

1. In general, any purchase may be charged for any vendor. If a vendor requires a purchase order, the City will issue one to document the purchase approval. If a vendor does not require a purchase order, the invoice will be approved for payment and entered into the ERP for Finance to process payment. All payment requests shall be verified and confirmed by individuals authorized to do so for that department.

2. Petty cash may be used for purchases up to \$100 (see policy).
3. Blanket Purchase Orders: The disbursement stamp will be used to authorize payment for purchases made using a Blanket Purchase Order.
  - a. Blanket purchase orders are issued from each July 1<sup>st</sup> through the second Friday of the following June to facilitate repetitive, emergency, or “need now” purchases with a per-transaction limit of \$2,500.
  - b. Blanket purchase orders are also issued to vendors upon the request of the vendor or City employees. Vendors must complete the required documentation to be issued a blanket purchase order (see Blanket Purchase Order Request procedure located on BLI).
4. **Regular Disbursement:** The disbursement stamp is used to stamp **physical copies** of invoices for payment authorization for items such as (1) professional services – doctors, attorneys, accountants, engineers, (2) subscriptions, books, manuals, (3) dues or payments to professional organizations, (4) payments to contractors via a public works contract, (5) postage and freight, and (6) utilities.
5. Purchasing Card: City credit cards may be issued to certain employees. Purchases made using a City credit card carry a per-transaction limit established by the department head and are subject to the competitive bid and approval requirements outlined above. The Finance Department issues the credit cards. An itemized, detailed receipt **must be attached to the credit card statement and submitted to the Finance Department for payment no later than the first of the month directly following receipt of the statement.** **Sales tax is not allowed on any purchase. Refer to the Purchasing Card Program Manual on Target Solutions on how to handle charges of sales tax.** City purchasing cards may not be used at restaurants. Should an employee have an urgent matter and find it necessary to purchase a meal at a restaurant, the employee must pay for the expense out of pocket and request reimbursement through either petty cash or a Disbursement Request Form. The only exception to purchases at restaurants would be during an emergency incident at which the City is providing 24/7 staffing and must provide meals to those employees who may not leave the incident. This exception is at the discretion of the City Manager, Finance Director, Police Chief, Fire Chief, or Battalion Chief and must adhere to all guidelines set forth in this policy.
6. Regular Purchase Order: A regular purchase order must be issued prior to the purchase or the services being provided for all expenditures of \$2,500 or more that are not covered under the other methods of payment listed.

END