SMALL DOLLAR PURCHASES

I. GENERAL

The Borough is responsible for executing small dollar purchases in a manner that provides fair and equitable treatment of all persons involved, maximizes to the fullest extent practicable the purchasing value of public funds, fosters effective broad-based competition, and provides for public confidence in the procurement process.

II. PURPOSE

This policy establishes a uniform process for executing small dollar purchases for goods and services in accordance with Title 16, FNSB policy and procedure, and all applicable state/federal laws and regulations.

III. RESPONSIBILITY

A. Department directors shall ensure that their department staff follows the procedures set forth in this policy.

B. Compliance is the responsibility of each Borough employee.

C. Human Resources shall maintain this policy.

IV. POLICY

A. Each Borough employee is responsible to execute small dollar purchases in accordance with Title 16, FNSB policy and procedure, and all applicable state/federal laws and regulations.

B. The Chief Procurement Officer (CPO) is the Borough’s designated principal purchasing official and is responsible for the proper procurement of supplies, services equipment and construction in accordance with Title 16 of FNSB Code. The CPO supervises the purchasing of all supplies, services and construction needed by the Borough.

C. All procurement made by departments and employees must be in compliance with Title 16, state and federal law.

D. Employees must comply with Borough Code of Ethics rules in Title 6 and 16.
E. Departments have authority and responsibility to procure goods and services up to $20,000. The CPO must provide advance approval for professional and consultant services up to $20,000, unless otherwise excluded under FNSB Code.

F. Departments cannot procure supplies or services as separate items which constitute a single larger purchase exceeding $20,000 as that requires a competitive bid. Orders may not be split to avoid the $20,000 threshold.

G. The dollar thresholds for small dollar procurements are as follows:

1. **Up to $4,999.99** – No competition is required, as it is not practicable. However, employees must search for best-value products before expending Borough funds and ensure that the price paid is fair and reasonable. To the maximum extent possible, departments shall purchase from local bidders and strive to distribute equitably among qualified sources. Quotation shall be solicited from other sources prior to placing a repeat order from the same source.

2. **$5,000 to $9,999.99** – Insofar as it is practicable, a minimum of three vendors shall be solicited to submit written quotations. Upon request, the General Services Department can provide vendor information to Departments. To the maximum extent possible, local bidders shall be included in the written solicitation process; ordering method is by purchase order; P-Card use is not allowed.
   
   a. Award(s) shall be made to the lowest and responsive, responsible bidder, unless an exception is justified in writing.

   b. Non-price factors used in determining an award shall be disclosed and documented to the Purchasing Division with a bid tabulation.

3. **$10,000 to $19,999.99** -- Departments must solicit written quotes using the same process as outlined in the $5,000 to $9,999.99 threshold level; however, prior to advertisement, written approval of the solicitation must be obtained from the Chief Procurement Officer. To the maximum extent possible, local bidders shall be included in the written solicitation process; ordering method is by purchase order; P-Card use is not allowed; and a written contract is required. *If soliciting a multi-year service, the total value of the service (all years) cannot exceed $20,000.*

   a. Award(s) shall be made to the lowest and responsive, responsible bidder, unless an exception is justified in writing.

   b. Non-price factors used in determining an award shall be disclosed and documented to the Purchasing Division with a bid tabulation.
H. Up to a total value of $20,000 per transaction for an individual good or service, a purchase of any of the following does not require a brand name determination, sole source determination, or competitive procurement process:

1. Travel expenses to include airfare, lodging, car rental, mileage, per diem and other related expenses (see travel policy);

2. Training/instruction materials and services (books/manuals, instructor fees and expenses, on-line fees, etc.);

3. Registration fees for training classes, seminars, etc. (on-or-off site);

4. Bond Rating Agency Fees;

5. Renewal of license/maintenance fees for existing software with the software systems developer; however, utilizing software resellers requires competition;

6. Programming development/enhancement services for existing software from the software systems developer;

7. Goods and services exempt under Title 16 or as specified in FNSB 70.06, Blanket Purchase Order Policy.

I. Up to a total value of $20,000/fiscal year, a one-time unanticipated requirement for a professional service is exempt from a requirement for a competitive procurement process.

1. A professional service is defined as a service which is of an intellectual nature, within a recognized profession, requiring a high level of training, advanced education and/or proficiency.

2. Renewals for additional contract periods are not allowed under this exemption unless the total value of the service (including additional contract periods) will not exceed $20,000.

J. Any purchase less than $100, through petty cash, P-card or a purchase requisition (PR), is limited to a one time purchase when an exact dollar amount cannot be determined until after the order is placed or item is delivered. The department may place an order with the vendor and initiate a purchase request (PR) upon receipt of the invoice. Examples of this type of purchase include: ad placement with Daily News-Miner, books and subscriptions, orders for goods with unknown shipping charges at time of order etc.

K. Procurements involving grants, regardless of the dollar amount, shall require prior review by the Chief Procurement Officer, or their respective designee.
L. Informal Requests for Proposals (professional or consulting services), shall require prior review and or execution by the Chief Procurement Officer, or designee.

M. Emergency Purchases shall require prior approval of the Chief Procurement Officer or designee when the cost is $5,000 or more. Emergency procurements require competition that is practicable under circumstances where there exists a threat to public health, welfare or safety.

N. Cooperative Purchasing, regardless of the dollar amount, shall require prior review and approval by the Chief Procurement Officer, or designee. Participation in a cooperative purchasing agreement may be allowable for the procurement of supplies, services, equipment, professional services or construction with one or more public procurement units. All cooperative purchasing authorized in this section shall be through contracts awarded through full and open competition using methods substantially equivalent to those authorized in Title 16.

O. A violation of the Small Dollar Purchases Policy will be handled in accordance with the Unauthorized Purchases Policy, and may result in disciplinary action.

P. Upon request by the Chief Procurement Officer, departments shall provide justification for procurement actions and evidence of compliance with this policy.

V. PROCEDURE

A. Detailed procedures for small dollar purchasing are located in the General Services Procurement Handbook. A copy of the current handbook is available from the General Services Department or available on the GS intranet site at: http://intranet.net1.fnsb/gs/SitePages/Home.aspx

VI. SUPPLEMENTAL INFORMATION

A. References –

1. FNSB Code Title 16, Public Procurement & Surplus
2. FNSB Code Title 6, Code of Ethics
3. FNSB Code, 16.44, Ethics in Public Contracting
4. General Services Procurement Handbook
5. FNSB Local Bidder Preference Policy, FNSB 70.01
6. Unauthorized Purchases Policy, FNSB 70.08

B. Definitions –
1. Brand Name Procurement—a procurement in which only one brand has been determined to meet the requirements of the department for quality, performance and other salient characteristics. Brand name procurement requires a competitive procurement process if more than one source is available for the goods, services or construction items.

2. Chief Procurement Officer—the Borough’s principal purchasing official. The Director of General Services serves as the Chief Procurement Officer for the Borough.

3. Cooperative Purchasing—means procurement conducted by, or on behalf of, one or more public procurement units.

4. Small Dollar Purchase—an acquisition of goods or services for a price, not to exceed $20,000 in total value (includes all change orders, contract renewals, contract modifications, etc.)

5. Sole Source Procurement—a procurement for which, after a good faith review of available sources, it is determined that there is only one source for the required supply, service or construction item. A sole source purchase does not require a competitive procurement process.

C. Attachments:
   1. Procurement Fact Sheet
   2. Brand Name or Sole Source Justification

D. Revision History

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Procurement Fact Sheet

This document is a condensed, easy to read version of the Fairbanks North Star Borough Procurement Policies and Procedures. For further clarification or more information, refer to the General Service Portal http://intranet.net1.fnsb/gs/SitePages/Home.aspx.

1. Delegations of Authority:
   - Your department director has been delegated the authority to purchase items up to $20,000.
   - Know what your delegation allows you to do and the required procurement procedures.

Fiscal Responsibilities:
- Determine that sufficient and appropriate funds are available for the purchase.
- All professional services encumbrances must be approved by the Chief of Staff.

Legal Responsibility:
- All purchases of goods or services made by departments and employees must be in compliance with Borough Code Title 16 – Public Procurement and Surplus, state law and federal law.

2. Competition Requirements:
Remember, you must solicit the minimum number of quotes from local vendors.

   - Purchases with FNSB purchasing card (P-Card) $0 - $4,999.99 .............. no competition required
     purchase must adhere to the P-Card rules
     must comply with the P-Card eligibility
     ensure fair and reasonable price
   - Goods and Services under $4,999.99 ................................................... no competition required
     ensure fair and reasonable price
     local vendor preference
   - Goods and Services $5,000 - $9,999.99 ................................................... 3 written quotes
   - Goods and Services $10,000-$19,999.99 ................................................... 3 written quotes
     Chief Procurement Officer (CPO) approval required before the invitation to quote
   - Goods and Services over $20,000 ............................................................. RFP or IFB
     CPO approval required before the solicitation
   - Professional Services ................................................................. RFP required
Dollar Threshold:

**Under $4,999.99**
- Local bidders preference;
- Insurance for services;
- Purchase Requisition or P-Card;
- Alaska business/contractors license for services.

**$5,000-$9,999.99**
- Written RFQ signed by vendor;
- Three written quotes, Request for Quotation (RFQ – FNSB template) for goods and services;
- Local bidders preference applies, if possible;
- Quotes tabulation;
- Multi-year RFQ requires Service Contract;
- Alaska business license for services;
- Insurance for services;
- Purchase Requisition.

**$10,000-$19,999.99**
- Written RFQ approved by CPO, or
- Written informal Request for Proposals (iRFP) approved by CPO;
- Local bidders preference applies, if possible;
- Written RFQ (RFQ – FNSB template) signed by vendor;
- Multi-year RFQ requires Service Contract;
- Quotes Tabulation;
- Alaska business license for services;
- Insurance;
- Purchase Requisition.

**Over $20,000**
- Formal Solicitations: Request for Proposals (RFP) or Invitation for Bid (IFB);
- Local bidders preference in the solicitation applies, if possible;
- Written determination of selection;
- Alaska business license;
- Insurance;
- Encumbrance document;
- Procurement report;
- RFP/All RFP correspondence;
- Proposal log sheet;
- Admin review;
- Evaluations/score sheets;
- Notice of intent to award;
- Any appeals;
- Any waivers;
- Solicitation and fact sheet;
- Ads, ad orders, affidavit of publication.
3. Determining the Dollar Value of a Procurement:

   Take into consideration:
   - Total price,
   - Include all renewal options,
   - Freight costs for goods,
   - Similarity of products,
   - Predictability of procurement.

   Artificial division or fragmentation of a procurement in order to circumvent the law is prohibited and will be considered a purchasing violation.

4. Specifications:
   - Always state exactly what you want.
   - Avoid unique requirements.
   - List enough essential characteristics to ensure that any product which meets all of them would be sufficient to meet your needs.
   - Make sure all potential quoters receive exactly the same information.

5. Solicitation Sources:
   - Contact vendors: make sure all vendors receive the same information.
   - Written solicitations: send letters of interest to vendors.
   - Notification letter.
   - Contractor's list: available from GS/Purchasing.
   - Catalog prices: make sure you have applied any discounts due and include delivery.

6. RFQ Amendments to Procurements:
   - Anticipated amendments: must have been known at the time of procurement. Information should be included in the original RFQ.
   - Unanticipated amendments: unforeseen circumstances must be within the scope of the contract.

7. Evaluating Quotations:
   - Quotes must meet all the minimum specifications (e.g. delivery date).
   - A "no quote" response from a vendor who normally carries the item or provides the service is a viable quote.
   - Take into account all applicable preferences.

8. Professional Services:
   A professional service is defined as a service that requires specialized knowledge and training or in-depth experience in a particular field or discipline.
   - Professional services of an architectural or engineering nature, as defined by the laws of the State of Alaska which are required to be performed or approved by a person licensed, registered, or certified to provide such services. (Code §16.32.010)
9. **Formal Solicitation Process (RFP or IFB):**
   - Department initiates with fund verification;
   - GS/Purchasing works with department to build bid.

10. **Preferences:**
    Local Bidder preference is allowed by the Borough Code (Title §16.16.050). The preference is to support local economic development.
    - Small dollar procurements are required to solicit local vendors;
    - 5% is added to the in state, out of borough bid;
    - 10% to the out of state bid.

11. **Contract Awards:**
    - The GS/Purchasing Department establishes contract awards for departments based off formal solicitations or assists Departments with small dollar and multi-year procurements.
    - Purchase requisitions are used to establish and renew contract awards and to ensure funds for the contract award.
    - Once a contract has expired, it is no longer valid.
    - Copies of form contracts are available on-line in w:\fnsb\contracts.

12. **Vendor Performance:**
    - Document all problems;
    - Contact GS/Purchasing for any problems with contract award vendors;
    - Complete a contract evaluation for Professional Service Contracts if the work performed was less than satisfactory or if above average;
    - Document continuing problems – fill out a vendor performance form and submit to GS/Purchasing.

13. **Requests for Alternate Procurements (RAPs):**
    - Sole Source (Borough Code §16.12.030), CPO approval prior to initiating a purchase requisition is required;
    - Emergency (Borough Code §16.12.050), CPO approval prior to initiating a purchase requisition is required;
    - Brand Name (Borough Code §16.16.030 & §16.16.040), CPO approval prior to initiating a purchase requisition is required.

    All RAPs now include proof of the research done justifying the requested exemption. Requesters should include a listing of contacts, telephone numbers, support documentation, and an itemized finding of facts.

14. **Emergency Procurements:**
    Department contacts the CPO or delegated authority who will authorize others to make emergency procurements of supplies, services or construction items when there exists a threat to public health,
Procurement Fact Sheet

welfare or safety. Emergency procurements shall be made with such competition as is practicable under the circumstances. (Borough Code §16.12.050)

- Written determination explains contractor selection based on the emergency and for the selection of the particular contractor (contractor’s name, the amount and type of the contract, a listing of the item(s) procured under the contract) and the identification number of the contract file.
- Report to GS/Purchasing.

15. **Procurement Code Exemptions:**

- Governmental agencies;
- Certified employment programs;
- Book binding services;
- Employee moving expenses;
- Periodicals;
- Conference attendance fees;
- Advertising;
- Insurance;
- Legal Services;
- Registration fee for training classes, seminars, etc., and training/instruction materials (books/manuals, instructor fees and expenses);
- Bond Rating Agency Fees;
- Renewal of license/maintenance fees for existing software with the software systems developer;
- Programming development/enhancement services for existing software with the software systems developer;
- Professional Services up to $20,000, a one-time unanticipated requirement for a professional service.

16. **Procurement Code Restrictions:**

**May not directly procure:**

- Anything to do with telephones or telecommunications equipment;
- Construction;
- Vehicles;
- Leased office space;
- Construction involving leased space;
- Computer or software related items;
- Janitorial;
- Copy paper and envelopes.

**May procure as restricted and within delegation:**

- Business cards,
- Brochures & flyers,
- Modular furniture.
17. **Unauthorized Expenditures:**
- Purchases to Ebay.com or any similar online auction vendor;
- Purchase of goods/services for personal use;
- Printing of a personal nature;
- Flowers and gifts;
- Over-the-counter drugs & supplies with the exception of hand sanitizer and tissue for reception areas;
- Prepayment of supplies/services;
- Dues for personal membership in associations or organizations;
- Nonfunctional office fixtures;
- Food, beverages unless for boards and commissions (P-Card restriction);
- Kitchen utensils, cutlery, and tableware for department/division (P-Card restriction);
- Fuel, Adult products, Travel or TA related items (P-Card restriction);
- Repair of leased or purchased items that are under repair/maintenance agreement (P-Card restriction);
- Rental or lease of any product or service that requires signing of a lease, rental agreement or contract (P-Card restriction);
- Insurance Premiums (P-Card restriction);
- Other purchases that do not comply with FNSB Purchasing Policy and Procedures.

Note: Policies and procedures cannot cover every issue, exception or contingency that may arise in purchasing/procurement process and therefore purchasers should use common sense and good judgement in the use of government resources.

18. **Procurement Violations:**
- Receive written notification from GS/Purchasing;
- Cooperate with the investigation;
- Comply with recommendations that result from the investigation.
Brand Name or Sole Source Justification

This form must be completed for procurements where the basis for the vendor selection is:

1) There is only one specific product or service that can reasonably meet your need.
2) There is only one vendor who can reasonably provide that product or service.

You MUST meet criteria #1 to have a brand name procurement.
You MUST meet BOTH criteria to have a sole source procurement.

Date of Request: ______________
Requestor: ____________________________________________________________
Requesting Department: ______________________________________________________________________________
Phone: ____________________________
E-Mail: ____________________________

Before a decision can be made to approve your request for a sole source or brand name procurement, the following information is needed. Please provide all of the requested information on this form and submit it to the appropriate Purchasing Agent responsible for the procurement.

Vendor Name: __________________________________________________________
Vendor Contact: ________________________________________________________
Phone: ____________________________ Fax: ____________________________

Check one:

☐ This is a recurring procurement from _____ (mm/yy) to _____ (mm/yy)
  (cannot exceed 5 years);

OR

☐ This is a one-time procurement for this product or service.

Estimated cost breakdown for term of sole source (attach proposal, if applicable):

Products $____ and/or Services $____
1) **BACKGROUND STATEMENT** – Provide information that would assist the reader in understanding the history (e.g., funding source, constraints, vendor’s business, development of the product or service, ownership of product or service) of this purchase.

2) **NEEDS STATEMENT** – Describe in detail the product(s) and/or service(s) to be procured and how they meet your needs.

3) **FEATURES REQUIREMENTS** – What unique design or performance features does this product or service have that is essential to your requirements? Please provide a brief, yet technical explanation as to why these features are essential. Provide the manufacturer and model of your existing equipment. List the major features/capabilities of the product/service that are required.

4) **COMPETING BRANDS INVESTIGATED** – What other suppliers did you contact? *(Please include names of all sales representatives contacted and their telephone numbers.)* Did you consider other products or services with similar capabilities? Indicate the specific brands/models of competitors’ products that were investigated and describe why, specifically, they do not meet some, or all, of the FEATURES REQUIREMENTS listed in Item #3. Requestor needs to state that to the best of his/her knowledge, these are the only companies that make this type of equipment or provide this service.

5) **BRAND NAME** – Is the specific brand/model of product being recommended for procurement available from more than one source *(i.e., dealers, distributors)*? □ Yes □ No

   If "Yes," this will be processed as a brand name. Please provide the company names of known sources.

6) **CONFLICT OF INTEREST STATEMENT** – The Requestor agrees that there is no real or potential conflict of interest in recommending this product and/or service as a brand name or sole source procurement.

   *(NOTE: If you do have a real or potential conflict of interest, please contact General Services/Procurement.)*

**CERTIFICATION:**
By signing below, you are certifying that the information submitted on this form is accurate; GS/PROCUREMENT will make the final determination of sole source or brand name.

__________________________  ______________________
Signature (Department Director)  Date
RESEARCH CONDUCTED BY GS/PROCUREMENT:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

POSTED ON FNSB BIDDING? □ Yes □ No If “Yes,” Solicitation or PO Number: ____________

Related Comments (responses received, quantity, etc.):

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

DETERMINATION:

□ Sole Source approved—purchase as requested.
□ Brand Name approved—issue bid on a “no substitutes” basis.
□ Not approved—issue solicitation using performance specifications.

RESULTING PURCHASE ORDER NUMBER: ________________

_____________________________ ____________________
Chief Procurement Officer Date

This approval is valid until ___________________ (month/year).
GS/PROCUREMENT | COST ANALYSIS CHECKLIST

The price being paid for goods or services is fair and reasonable based on:

☐ Catalog or list price (or less) for STANDARD commercial item or service
☐ Price compares favorably with price for a similar item
☐ Market prices – Where an item has an established market price, verification of an equal or lower price establishes the price to be fair and reasonable (For example, the purchase of metals, such as lead, gold, silver or commodities, such as natural gas.)
☐ Price Agreement
☐ Price set by law or regulation
☐ Price is the same as another purchaser paid – if the seller has no catalog, but has sold the same item to others in the recent past, the price can be determined to be fair and reasonable by verifying with those other purchasers what price they paid.
☐ Cost Analysis – Cost analysis shall be completed when price analysis is inadequate to verify that prices are fair and reasonable. Cost analysis for procurements involving Federal grants is required.

☐ Other: ____________________________

Cost analysis is the review and evaluation of each element of a cost estimate and proposed profit or fee to determine reasonableness, allocability, and allowability. It is often used in conjunction with cost reimbursement contracts. Cost analysis should answer the following questions for the review and evaluation for any given cost element:

✓ Is the cost necessary to perform the work and allocable to the work?
✓ Is the cost necessary to operate the business?
✓ Does the offeror follow applicable regulations?
✓ Does the offeror have an acceptable accounting procedure?
✓ Is the cost allowable in accordance with grant guidelines?
✓ Would a prudent business person take this action in a competitive business environment?
✓ Is the profit of fee negotiated, if any, reasonable for the degree of risk involved in performance of the work and does not exceed the limitations?

Explanation of above-checked justification:

___________________________________________________________

___________________________________________________________

___________________________________________________________

___________________________________________________________

Revised 10/2017