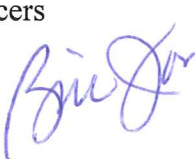




Gavin Newsom  
Mayor

Naomi Kelly  
Director and Purchaser  
Purchasing

November 10, 2009

**To:** Contracting Officers  
**From:** Bill Jones  
Acting Director   
**Subject:** Reminder about Term Contracts

### Purpose

This memo reminds departments of the procedures surrounding the creation and use of term contracts. It is critical that departments order items on term contracts **only** from the vendor that was awarded the term contract, and that departments use **purchase order releases** against the citywide blanket to pay for the purchase.

By conducting a bid for term contract items, the City has promised the vendor that we will buy those items from that vendor. Ordering the items from other vendors violates City policy, penalizes the successful bidder, and places the City in an unfavorable position the next time we need to conduct a bid for those items.

We have over 140 term contracts in place for a wide variety of products and services. The most heavily used term contracts include: office supplies, fuel, the Technology Store, and the CopySmart program. Purchasing distributes a monthly list of term contracts as described two paragraphs below.

### Procedural steps

#### 1. Review the term contract

If you're not already familiar with the term contract, review it. Purchasing periodically e-mails an updated list of term contracts to contracting officers throughout City government. If you are not already on our distribution list but would like to be, please send an e-mail to [oca@sfgov.org](mailto:oca@sfgov.org).

Purchasing posts the monthly list on the Document Library on the Intranet. To find the list, go here:

<http://mission.sfgov.org/doccenter>

Click on View documents by “Agency,” which is the upper-left link. Bookmark the page you come to.

From the pull-down menu, select the category “OCA – Term contracts, Read me first ...” And the contract list is the second item on the page.

Individual contracts are listed in these categories:

OCA – Term Contracts	A-F
OCA – Term Contracts	G-N
OCA – Term Contracts	O-Z

## **2. Create a purchase order release against the citywide blanket**

There is only one approved method for paying for term contract purchases: a purchase order release against the vendor’s citywide blanket. Only this method allows us to monitor spending under the contract.

No other payment method should be used, including direct vouchers, departmental purchase orders (Prop. Q orders), or departmental blankets.

When you create the purchase order release, ADPICS will default to using the line item specifications from the citywide blanket. Often, these specifications are too general for the release. For example, they could list several line items instead of just the one you want to buy. Always check the release’s line item specifications and change them as necessary to reflect your purchase. You may need to change one or more of: the specifications, the unit, the unit cost.

Create the PO release – which encumbers funds – before you order anything.

Do not order any non-term-contract items on the PO release.

## **3. Send the PO release to the vendor**

Send the document to the vendor by fax, e-mail, or the Postal Service.

## **4. When the shipment arrives**

Compare the shipment against the order, and note any discrepancies or backordered items. The person who receives the shipment should be different from the person who placed the order and the person who approves the invoice.

## **5. Approving the invoice**

The invoice could arrive with the shipment or be mailed separately. Check the invoice's prices against the PO release's prices, check the invoice's quantities against the shipment's quantities, and when everything is in order, have the invoice signed by someone other than the person who placed the order and other than the person who received the order. Send the approved invoice to your accounting staff to be paid.

If the PO release does not contain the unit prices for what was ordered (most PO releases do, but some don't), then someone must check the invoice against the unit prices either in the citywide blanket or in the contract documents posted in the Document Library to verify that the vendor has invoiced the City correctly.

### **How well is the vendor performing?**

If you experience good or poor service from a term contract vendor, please let us know. We may find opportunities to improve the bid specifications when the contract is ready to be rebid.

### **For more information, and if you have suggestions for adding new items or new term contracts**

If you have questions, satellite departments should call their satellite purchasers. Other departments should call the purchaser in OCA's central office who handles their orders.

Purchasing is always interested in your suggestions for items we could add to existing term contracts or for new term contracts. Please let us know what we can do to make term contracts more useful for your department.