



Edwin M. Lee
Mayor

Jaci Fong
Director and Purchaser
Purchasing

May 13, 2016

To: Department Heads, Contracting Officers, and Finance Officers

From: Jaci Fong, Purchaser and Director of the Office of Contract Administration (OCA)

Subject: Preparing Purchasing Documents for Fiscal Year 16-17

This is OCA's annual memo alerting departments to new and traditional procedures to follow, and the schedule, when preparing and submitting purchasing documents for the new fiscal year. The topics covered are:

1. Reminders
2. Schedule for submitting new documents
3. Blanket purchase orders
4. Delegated departmental orders (Prop. Q orders)
5. Direct vouchers
6. Term contracts
7. Paying invoices
8. Special transactions: Technology Marketplace and IT purchases; Vehicles, heavy equipment and specialized vehicles
9. Procedural reminders

For more information on any of these subjects, please call the Purchaser in OCA who handles your department's orders.

1. Reminders

a. Formal Bidding Thresholds:

- General Services: \$600K, Professional Services and Products: \$110K
- Contracts may be competitively bid as they approach the threshold
- The informal bidding threshold remains at \$10K

b. Contract vendors are now required to get paid electronically vs. by check.

- All City vendors receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments through Paymode-X, the City's third party service that provides Automated Clearing House (ACH) payments.

- The Controller prints and mails paper checks only once per week; whereas, they process electronic payments every business day. We encourage departments to mention Paymode-X to vendors for expedited payments. The City does not charge its vendors any fees to use this service.
- If you have questions, please contact: Rodel Ajoste, ACH.Support@sfgov.org / (415) 554-7513
- Please direct vendors to the Controller's website regarding electronic payment: <http://www.sfgov.org/ach>

2. Schedule for submitting new documents for FY 16-17

Departments may begin preparing and submitting documents according to the schedule below.

a. Departments that use FAMIS-Purchasing (formerly ADPICS)

- June 6 Begin creating FAMIS-Purchasing Blankets for FY 16-17
The BPO effective date **must be 07-01-2016** or later to ensure that the BPO is numbered for FY 16-17.
- Begin posting Departmental Blankets (BPO with "DB" Purchasing Type) to OCA approval boxes.
- June 13 Begin posting Contract Blankets (BPO with "CB" Purchasing Type) to OCA approval boxes.
- July 1 Begin posting Purchase Order Releases for posting to FAMIS-Purchasing.

b. Departments that do not use FAMIS-Purchasing (off-line departments)

- June 6 Begin sending Departmental Blankets, Contract Blankets, and Release Forms to OCA for review and approval.

3. Blanket Purchase Orders

a. Contract blankets ("CB" purchasing type)

Use a Contract blanket (Purchasing type "CB") for any purchase where the City and the vendor have signed a separate formal contract. This happens most often when a department has used one of the City's Model Contracts, such as, Professional Services, Equipment Maintenance and Lease Agreements, or Software-related purchases. These Agreements must be processed as a blanket regardless of term length. Consistent with a change implemented three years ago, the Direct Purchase Order ("CS" Purchasing Type) **may no longer be used** for these Agreements. If you anticipate the services to be needed on a continuing basis, be sure to set up a multi-year contract and multi-year blanket to reduce processing time.

To avoid delays, send your final agreements, including the contract checklist (P-600 Checklist or P-601 Checklist) if applicable, and complete attachments (with the FAMIS-Purchasing document numbers) to Purchasing.

If Purchasing receives a professional service contract or other type of contract listed in this section that uses a “DB” purchasing type, **Purchasing will return the transaction to the department** so that the Departmental Blanket can be cancelled and replaced with a “CB” purchasing type.

b. Departmental blankets (“DB” purchasing type)

Beginning three years ago, departments no longer submit departmental blankets to OCA for \$10K and below, unless the blanket is with an LBE.

If a department needs something that would not use a Contract blanket, such as hand tools from the closest hardware store, then the department submits a Departmental blanket, which is Purchasing Type “DB” in FAMIS-Purchasing.

Departments should consider and confirm the following terms and include these terms in the specification section of the Blanket as appropriate:

- **Pricing terms:** Try to obtain discounts off of retail pricing.
- **Payment terms:** Ask if a prompt payment discount (e.g., 2% 30 net 45) is available.
- **Delivery terms:** FOB destination is preferred.
- **Delivery lead time:** The number of days to deliver the product or service.
- **Description of the product or service.**
- **Commodity code.** Make sure you use the right code for the product or service. The list of commodity codes is posted in the “OCA—General Instructions and ADPICS information” category in the Document Library. For more information, call a Purchaser or the ADPICS Help Desk.
- **Account number.** If your department has an account number with the vendor for these purchases, please include it.

Put the following information in the Note Pad:

- Reasons why the purchase is not biddable.
- If the vendor is not an LBE, did you check CMD’s database of certified LBEs for possible vendors? If not, why not?
- If the vendor is not an LBE and if CMD’s database contained certified LBEs that provide the product or service, why were you not able to use one as the recommended vendor?

c. Purchase Order Releases against Blanket Purchase Orders

Blankets do not encumber funds. Purchase order releases against blankets do. Purchase order releases are created in FAMIS-Purchasing on Screen 2360. **Purchase order releases must be created, posted and encumbered before orders are placed and not after materials have been ordered, shipped, received, or invoiced.** This requirement is in accordance with Charter Section 3.105 (required encumbrance).

4. Delegated Departmental Purchasing (formerly known as Prop. Q)

Departments are reminded that they can now issue direct purchase orders following the Delegated Departmental Purchasing guidelines for products (including chemicals) and general services for up to \$10K (tax and shipping included). **This delegation does not include professional services, computer IT equipment and services, construction, term contract items, lease-purchase transactions, or vehicles/heavy equipment.**

Order splitting is prohibited to stay below the \$10K limit.

Delegated Departmental POs are the responsibility of the issuing department and must be approved online by the issuing department. They do not go to Purchasing's or Controller's approval levels in ADPICS. The authority codes in ADPICS are PROPQ-BID or PROPQ-NO BID.

To continue to use Delegated Departmental Purchasing for FY 16-17, the Department Head must adhere to the following requirements:

1. The Department Head must submit to Purchasing a roster of the employees in the department using the Delegated Departmental Purchasing.
2. Every employee who exercises Delegated Departmental Purchasing authority should file FPPA Form 700, Statement of Economic Interests, with his/her department.
3. All employees delegated by the Department Heads are required to attend a Delegated Departmental Purchasing training every three years. OCA will be providing Citywide training in September 2016. Those who attended the training in 2013 or earlier must take the training again at that time.

Delegated Departmental POs are part of the Controller's post-audit program, and examples of possible order splitting are carefully scrutinized.

For more information, please see the memo from the OCA Director, dated May 13, 2005, in the Document Library on the Intranet, under "Office of Contract Administration—Departmental Purchasing – Memo from OCA Director (entry date September 13, 2011)."

5. Direct Vouchers

Departments should always encumber funds before placing an order with a vendor. Direct Vouchers are used only in unusual situations where funds were not encumbered first.

Purchasing reviews direct voucher transactions which are \$1K or more. For DVs of any amount, departments must provide in the Note Pad justification for why a DV was used and why funds were not encumbered in the normal fashion. Transactions that are not justified (to the satisfaction of Purchasing or the Controller) will be rejected back to the department. All DV transactions, regardless of amount, will be part of post-audits by the Controller and OCA.

Direct Vouchers should not be used for recurring purchases. Instead, a Departmental Blanket or a Delegated Departmental PO should be used.

6. Term contracts

There are 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 Marketplace, and the CopySmart program. Purchasing distributes a monthly list of term contracts and posts the list on www.sfgov.org/oca on the Vendor Information page.

In November 2009, OCA sent out a Citywide memo reiterating some of the standard procedures applicable to purchases of items on term contracts, including:

- Ordering term contract items only from the term contract vendor.
- Creating a PO release against the term contract before placing an order.
- Division of responsibilities between the person who places the order and the person who approves the invoice.

Please review that memo. It's posted in the Document Library in the "OCA—Term Contracts; read me first" category. (http://mission.sfgov.org/DOCUMENT_CENTER_DOCUMENTS/DC2424.pdf)

7. Paying invoices

The normal procedure involves a three-way match: the purchase order, the packing slip, and the invoice. The descriptions, quantities, and prices should match on all three documents (though not all packing slips show prices).

The invoice could arrive with the shipment or be mailed separately. Check the invoice's prices against the purchase order'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 transaction were based on a departmental blanket, the ordering document would be a purchase order release rather than a purchase order.

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

8. Special transactions

a. Technology Marketplace and IT Purchases

Departments who intend to utilize the Technology Marketplace contracts must submit their completed requisitions and get DT CIO approval in FAMIS (level 300) to OCA (level 450/500) by June 2nd. Requisitions received by OCA after June 2nd, and before June 30th, will receive best efforts for processing, but cannot be guaranteed.

DT CIO has revised the CIO Review Request Form, so be sure to use the latest form.

To assist in processing Technology Marketplace and IT-related transactions, please remember to include the following:

- Change doc type to “RT” on the requisition header screen
- As soon as you post a requisition into the approval path, e-mail the approved quote form to cio.review@sfgov.org.
- Input information into the requisition exactly as it appears on the quote, with quantity, part numbers, and complete detailed descriptions of each line item.
- **Do not consolidate individually quoted items into a single requisition line item.**
- If you are ordering a monitor, always add an additional line item for recycling charges.
- In the detail screen of the last line item of the requisition, input the following information in the format below:

Quote Number	Expiration Date
Quoted By	Phone Number
Administrative Fee	TC #
Ordered By	Phone Number

- For professional service request within the Technology Marketplace, remember to submit your project for Local 21 review via the web form at:

<http://ifpte21.net/content/information-request-personal-services>

- For IT related professional service contracts outside the Technology Marketplace will require PSC approval.

For questions or assistance, please contact our IT purchasers:

- Greg Pustelnik, Supervising Purchaser 554-6264
- Michelle Wong, Senior Purchaser 554-6217
- Diane Handa, Purchaser 554-6913

Department of Technology (DT) reviews IT-related purchases. All IT requisitions must be coded as DOC TYPE “RT” with a DT approval level of 300.

b. Vehicles, Heavy Equipment and Specialized Vehicles

Vehicles and heavy equipment that are registered and licensed by the Department of Motor Vehicles are processed by the centralized fleet buyers. Starting this year, hard copies of the documents are no longer required. Instead, please email the following documents to the OCA Fleet Team at:

fleetteam.oca@sfgov.org

In the email subject line, please list the Requisition Number, Equipment Budget Number, and the type of vehicle or heavy equipment.

- Screen print of the ADPICS requisition (**tire tax and extended warranty should be separate line items**).
- Fleet approval (Vehicle Acquisition Form – VAR) from Tom Fung, Director of Fleet Management.
- If the vehicle or heavy equipment is not electric or hybrid or fueled by compressed natural gas, Clean Air approval from the Department of Environment.
- Term Contract Order Sheet or technical specifications approved by Fleet Management:
 - TC72503 Pickup Trucks, SUV, Vans
 - TC72503-A Short Bed Pickup Trucks
 - TC72305 Police Pursuit Vehicles
 - TC72306 Alternative Fuel Vehicles

These documents are located on GSA Fleet Management Intranet:
<http://admweb/adminservices/fleetmgmt/default.htm>

If you have any questions, please call the following fleet buyers:

- Mark Farley, Senior Purchaser 554-6257
- Lin Repola, Senior Purchaser 554-4564
- Carmen Omran, Acting Purchaser 554-6732

9. Procedural reminders

a. Approval path requirements

All documents in FAMIS-Accounting and FAMIS-Purchasing must be approved by someone other than the initiator.

b. Sole source purchases

If you believe the product or service you need is available from only one vendor, then you must complete this form for all such purchases over \$10K: “OCA sole source waiver form (form P-21.5(b)).” **Submit the form before you submit a requisition or blanket to OCA that you believe qualifies as a sole-source purchase.** Please attach a written justification, in the form of a memo that answers all the questions on the form. If your transaction also requires a sole source waiver from CMD, please include CMD’s waiver approval as an attachment.

c. Purchases utilizing Federal, State and American Recovery and Reinvestment Act (ARRA) funds

The City receives grant funding from Federal and State agencies. Grant funded purchases have different bid and contract terms than non-federally funded procurements and the requirements can vary depending on the funding agency. Reporting requirements are significant, and departments should plan in advance to make sure they can meet the requirements.

Please observe the following for grant funded purchases:

- Follow the Controller's guidelines for accounting.
- In the Note Pad, flag that grant funds are being used.
- E-mail or call the OCA buyer to review because the purchase will require special bid and contract terms.
- Allow adequate time because of different bidding or sole source requirements.
- For Homeland Security grants, DEM approval is required.
- If the transaction is an ARRA bid, indicate the appropriate Purchasing authority, such as "ARRA-BID" and use the appropriate indicator when posting on OCA's Bid and Contracts website.
- If the transaction is an ARRA sole source, then indicate the Purchasing authority, such as "ARRA-NOS."
- Remember to plan ahead.
- Remember to plan for meeting the reporting deadlines.

d. If you want to use a contract between the vendor and another government agency

The City may be able to take advantage of a contract a vendor has with another city, state, or county. Please provide documentation that the vendor's contract with the other agency meets the requirements of Admin. Code 21.16, "Use of purchasing agreements of and reciprocal agreements with other public and non-profit agencies; solicitations for multiple departments." Most often, the original contract will have been awarded by the other agency via competitive bidding or an RFP.

e. Contracts for longer than ten years or \$10 million or more

Contracts with an anticipated term of ten or more years or anticipated value estimated to be \$10M or more must also have Board of Supervisors approval (Charter Section 9.118).

f. Transactions that use FAMIS-Accounting

FAMIS-Accounting is used for construction (with liens or retention), refunds, travel, external training (conferences), claims, employee reimbursement, court-related payments, memberships or dues, official advertising, postage, periodicals, subscriptions (not on-line services), and utilities. The Controller's staff monitors FAMIS-Accounting documents and returns those which should have been done in FAMIS-Purchasing.

g. Vendor compliance

The following apply no matter what purchase document is being used.

(1) Business Tax status

Vendor must comply with the City's Business Tax laws. If a Business Tax Registration Certificate is required, then the vendor's current status must be displayed on FAMIS-Purchasing Screen 9560. If status is not current, call the Tax Representative at 554-6718 for more information.

(2) Equal Benefits Ordinance (Chapter 12B)

Vendor must be 12B-compliant or the appropriate waiver form must be approved by CMD or a Blanket Sole Source form must be completed and sent to CMD (with the document number) with a copy to Purchasing.

(3) IRS form W-9, Request for Taxpayer Identification Number

A new vendor will not be set up in the vendor file unless the vendor has submitted a W-9 form. Therefore, if the vendor is on the system, you can assume that the vendor has filed the W-9.

(4) Minimum Compensation Ordinance (MCO)

The Minimum Compensation Ordinance (MCO) requires some, but not all companies that contract with the City or operate at the Airport to provide their employees who work on City contracts an hourly wage consistent with the effective MCO wage rate. The current MCO wage rate is \$13.34 per hour and \$13.00 per hour for non-profits. The hourly wage rate may increase on January 1 of each year. Contractors are required to pay employees any increases in the wage rate. MCO also requires contractors to provide covered employees 12 days paid time off, and 10 days unpaid time off. For further information, please call 554-7903 or visit the following web site: <http://www.sfgov.org/olse>

(5) Health Care Accountability Ordinance (HCAO)

The Health Care Accountability Ordinance (HCAO) requires some but not all companies that contract with or are tenants of the City to provide their employees health plan benefits which meet the minimum standards established by the Director of the Department of Public Health and approved by the Health Commission, **or** pay \$4.50 to the City for each hour worked by each covered employee. Effective July 1, 2014, the fee option for contractors and tenants is \$4.50 per hour, capped at \$180 per work week. Each July 1, the fee option will be adjusted for inflation. For further information, please call 554-7903 or visit the following web site: <http://www.sfgov.org/olse>