The Five “W”s of the City of Toledo’s Purchasing Process
Mission Statement

“The Purchasing Division assists in the procurement of goods and services for City of Toledo operations while ensuring that a qualified and diverse group of vendors provide high quality goods, superior service and timely delivery for the best value.”

-Richard Jackson
Commissioner
Meet The Purchasing Team

- Richard Jackson – Commissioner
- Purchasing Analysts (2) – New (being filled in February)!

- Document existing procedures and workflow and identify areas for improvement;
- Research best practices and report on findings, and make recommendations for improvements to policies and processes, as well as critical resources including personnel, policies, procedures, software, equipment, forms, etc.
- Collaborate with Finance staff and departmental staff from around the City to identify and address real-time issues including workflow problems, approvals, technology issues, etc.
- Assist Purchasing Commissioner in day-to-day operations

Who are we? The Division of Purchases and Supplies
Meet The Purchasing Team

- Bob Mossing – Administrative Analyst II
  - Approvals of Purchase Orders
  - Approvals of Purchase Requisitions
  - Contract Renewals
  - Supplemental Requests to Contracts

- Amy Betts – Buyer
  - Main Contact for Formal Bidding
    - Planet Bids
    - Posting bid content, hosting bid opening, compiling bid results
    - Vendor inquiries regarding bids, registration
  - GovDeals – government online auction website
Meet The Purchasing Team

- Natalie Bronaugh – Clerk Specialist
  - New Vendor Registration
  - Post award compliance
  - Contract process in SAP
  - Primary monitor of Purchasing Division’s general email address (pursupplies@toledo.oh.gov)
  - Primary Contact for Board of Awards content and agenda
The 5 W’s (and 1 H) of COT Purchasing

- The best way to navigate the purchasing process as efficiently and effectively as possible is to understand the 5 W’s (and 1 H)
  - Who?
  - What?
  - When?
  - Where?
  - Why?
  - How?
Who does what?
Who does what?

Who is involved in the process from start to finish?

- **Purchase Requisitions and Purchase Orders:**
  - Department Clerk, Department Commissioner, Department Director, Purchasing Division

- **New Contract:**
  - Purchasing Division, Taxation Division, Finance Director, Diversity & Inclusion Department, Law Department, Mayor’s Office
Who is involved in the process from start to finish?

- **Contract Renewal:**
  - Department Commissioner, Department Director, Purchasing Commissioner, Taxation Division, Finance Director, Law Department, Mayor’s Office

- **Supplemental to Contracts:**
  - Department Commissioner, Department Director, Purchasing Commissioner, Taxation Division, Finance Director, Law Department, Mayor’s Office
What?
What do we do? An overview

What processes does the Purchasing Division handle?

- **Purchase Requisitions**: how Departments ask Purchasing for permission to buy something over $10,000

- **Purchase Orders**: how the City asks a vendor to provide a good or service

- **New Contracts**: agreements between the City and vendors to supply goods or services at a price $\geq $10,000. Board of Awards approves all contracts greater than $100,000

- **Contract Renewals**: extensions of expiring Contracts over $10,000

- **Supplementals to Contracts**: additions to existing Contracts. Supplemental Board of Review approves when increases of at least 15% of the Contract are needed, or the supplemental totals more than $200,000, or if all Supplementals exceed $100,000
### What do we do? A detailed list

<table>
<thead>
<tr>
<th>Step</th>
<th>Step Title</th>
<th>StepAction</th>
<th>Action</th>
<th>Threshold</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initiate</td>
<td>Identify Product/Service</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Department has a need for a product or a service. Purchases &gt; $10,000 require</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Prepare</td>
<td>Legislation Prepared</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Dept. Dir.: approves legislation in Legistar to expend/contract. For a purchase &gt;=</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Commit</td>
<td>Legislation Reviewed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Administrative review team reviews (Law, Purchasing, Budget, Accounts) for $</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Cabinet</td>
<td>Legislation Reviewed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Mayor's Cabinet reviews how the legislation supports overall priorities.</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Mayor A</td>
<td>Legislation Reviewed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Mayor's Office Admin Assistant prepares List of Legislation for review by Senior</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Mayor B</td>
<td>Legislation Reviewed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Mayor's Office Leadership Reviews for consideration with the next City Council</td>
</tr>
<tr>
<td>2</td>
<td>Legislation Mayor C</td>
<td>Legislation Reviewed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Mayor's Office conducts final review of Legislation with Council group for</td>
</tr>
<tr>
<td>3</td>
<td>Bid Prepare</td>
<td>Enter Requisition</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Department enters a purchase requisition (PR) in SAP. Attached to PR is Planet</td>
</tr>
<tr>
<td>4</td>
<td>Proposal Evaluate</td>
<td>Review Bid Submittals</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Purchasing opens bids and creates Bid Tabulation Sheet (to provide a summary</td>
</tr>
<tr>
<td>5</td>
<td>Recommendation</td>
<td>Recommendation</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Recommendation packet including (a) Memo (b) Award Form (c) Legislation (d)</td>
</tr>
<tr>
<td>6</td>
<td>Funds Reserve</td>
<td>Funds Reservation</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Funds Reservation is entered by Department in SAP to encumber available</td>
</tr>
<tr>
<td>7</td>
<td>Award Board</td>
<td>Board of Awards</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>&gt; $100,000 Board of Awards approval req'd. For construction contracts, a PLA</td>
</tr>
<tr>
<td>8</td>
<td>Award Letter</td>
<td>Send Award Letter</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Purchasing will send a letter to the vendor informing them of the City's intention</td>
</tr>
<tr>
<td>9</td>
<td>Contract Enter</td>
<td>Enter Contract</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Purchasing Department staff creates a contract in SAP that links to the approved</td>
</tr>
<tr>
<td>10</td>
<td>Contract Approve</td>
<td>Approve Contract</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Order of Approvals in SAP: (1) Taxation – vendor is in compliance with City taxes.</td>
</tr>
<tr>
<td>11</td>
<td>Contract Notify</td>
<td>Notification of Signed</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Purchasing contacts vendor and Department to inform them of the fully</td>
</tr>
<tr>
<td>12</td>
<td>PO Release</td>
<td>Release Purchase Order</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Department enters purchase order requesting a product to be purchased or a</td>
</tr>
<tr>
<td>13</td>
<td>Planet Bids Update</td>
<td>Update Planet Bids</td>
<td>Bidding</td>
<td>&gt;$40,000</td>
<td>Purchasing updates PlanetBids</td>
</tr>
</tbody>
</table>
When?
When? Or….are we there yet?

PURCHASING FLOW CHART

1. Department identifies a need for goods or services
   1. 5 business days

2. Department prepares legislation for all purchases over $10,000
   2. 10 to 25 business days

3. Department enters requisition in SAP > $10,000
   3. 5 Business days

4. Department provides Purchasing with documents for posting on PlanetBids; Vendors file responses
   4. 1-3 weeks

5. Department recommends lowest and best bid
   5. 5 business days

6. Department enters funds reservation
   6. 1 business day

7. Board of Awards reviews contract ≥ $100,000
   7. 1-8 business days

8. Purchasing notifies vendor of award
   8. 1 business day

9. Purchasing creates contract in SAP
   9. 2 business days

10. Purchasing enters contract into SAP workflow
    10. 2 business days

11. Various departments use SAP for approval
    11. 5-10 business days

12. Purchasing notifies vendor of executed contract
    12. 1 business day

13. Department enters purchase order
    13. 2 business days

Updated November 2019
Division of Purchases & Supplies
Richard Jackson, Commissioner
419.245.1197
Where?
Where are we?

- **Purchasing Division:**
  - One Government Center
  - 19th Floor, Suite 1970
  - Toledo, OH 43604

- **Where can I find this presentation?**
  - P://Purchasing/FiveW
  - https://toledo.oh.gov/services/finance/purchases-and-supplies/purchasing-process-faq/
Why?
Why do we follow these processes for purchasing goods and services? **Answer:** to honor the following City regulations:

- **Toledo Municipal Code (TMC)**
  - Chapter 187 is dedicated to the purchasing process + Toledo City Charter Chapter XIII, Charter Sections 225 – 230 dedicated to City Contracts

- **Administrative Policy 5 (AP5)**
  - General Purchasing Administrative Policy
  - Updated in 2017

- **Administrative Policy 33 (AP33)**
  - Supplementals and Change Orders to contracts
  - Updated in 2017
Why do we do the things we do?

Purpose of competitive bidding

- Secure to the taxpayer or consumer of municipal services the most advantageous procurement of services and commodities through competition.

- Guard against favoritism, improvidence, extravagance, fraud, and corruption in the awarding of municipal contracts

- Secure the best work or supplies at the lowest price practicable, to benefit of property holders and taxpayers rather than bidders,

- Create equal opportunity for vendor partners to supply commodities/services

- “The principle of competitive bidding is so important to the well-being of a municipality and so imbedded in the law of the state that mere inconvenience or loss in a particular instance will not justify departing from such requirement.” Mog v. City of Cleveland, 1915, Ohio Supreme Court
Why does it take sooooo long?

- Why does it take so long to purchase things (and what can be done to fix it)?
  - Within the City, a lack of:
    - Planning/budgeted funds (Finance will conduct Budget training leading into 2021; own your budget, plan, anticipate and communicate needs timely)
    - Knowledge of the process (Purchasing will be training in current + new ways)
    - Misaligned process (Finance will be engaging departments and vendors in Lean 6 Sigma review/reforms in 2020)
  - Among our vendors, a lack of resources to fulfill the City’s needs timely (hold vendors accountable through de-selection if needed)
How do we buy things?
How much is it going to cost?

- Purchase Cards (under $1,000)
- Under $10,000
- $10,000-$39,999
- $40,000 and above
- $100,000 and above
Step 1 (Shop/Bid): How to? Purchase Cards

Ordinance 470-15

- Policy: P://Purchasing/Policies
- Under $1,000
- Get 3 quotes
- Can only be used for certain commodity codes, examples include:
  - Yes: tools, supplies, equipment
  - No: food, beverage, entertainment
Department enters and Director approves legislation in Legistar prior to noon on Tuesday two weeks in advance of a Regular City Council Meeting to expend funds >$10,000 and enter into a contract (no new legislation is needed for items purchased under the Goods and Services Ordinance, which contains a list of goods and services that the City Council has pre-approved).

Legislative Review Team reviews the proposed Legislation that Tuesday afternoon (Law, Purchasing, Budget, Accounts) for funds availability and form.

Mayor's Cabinet reviews on Wednesday morning how the proposed Legislation supports overall priorities.

Mayor's Office Administrative Assistant prepares on Wednesday morning the proposed Legislation for review by Senior leadership.

Mayor's Office Leadership reviews on Wednesday afternoon the proposed Legislation for consideration with the next City Council Agenda.

Mayor's Office conducts final review on Thursday of the proposed Legislation with Council group for inclusion on City Council Agenda Review.

City Council listens to the Department describe the reason for proposed Legislation at an Agenda Review Meeting the following Tuesday, and Council considers the proposed Legislation in an open meeting the Tuesday after that. If adopted, the Legislation is forwarded to the Mayor for signature.
Step 3 (Shop/Bid): How to? It’s Money that Matters

TMC Chapter 187 & AP5

- **Under $10,000**: Solicit 3 quotes: at least one coming from a Minority Business Enterprise (MBE), if available

- **Between $10,000 - $39,999**
  - Solicit 3 quotes: at least one coming from an MBE, or
  - *(PREFERRED)* Informal Bid: advertised on Planet Bids for 1 week

- **Over $40,000**: Formal Bid: advertised on Planet Bids for 2 weeks

- **Over $100,000** Formal Bid: advertised on Planet Bids for 2 weeks
  - Board of Awards approval: meetings every Friday at 9am in Purchasing Department
  - Project Labor Agreement: for construction projects only, must be approved by the Northwest Ohio Building and Construction Trades Council
No quotes or bids are needed if you have:

- Cooperative Pricing (State-Term, etc)
- Sole Source memo for purchases < $10,000 (approved by Director and Purchasing Commissioner)
- Competitive bidding is waived through Council-approved legislation
Step 3 (Shop/Bid): How to?

“The Requisition” (5 business days)

- Informal Bidding ($10,000 : $39,999): Advertise for at least one week
- Formal Bidding (≥ $40,000): Advertise for at least two weeks
- Department enters a Purchase Requisition (PR) in SAP workflow.
  Attach: (1) Planet Bids Questionnaire, (2) Planet Bids Pricing Sheet, (3) RFP file (in Word) that lists the scope and specifications of the bid, (4) any other addendum, exhibits, etc. to be included with bid posting
Puttin’ on the Bids

- **Purchasing posts new bids** in PlanetBids every Friday.
- **Purchase Requisitions** that are in the Purchasing Commissioner’s SAP inbox by 12:00pm on Thursday will be posted in PlanetBids by Friday of same week.
- **Bids typically close** weekly on Tuesdays at 1:30pm.
Responding to Bids:

- Vendors submit all required City of Toledo documents, including a contract signed by the vendor. A pre-bid meeting or conference call may be held at the Department’s request. The process was improved in 2019 – many of these documents used to be collected post-award, which slowed down contract processing.

<table>
<thead>
<tr>
<th>Acceptance</th>
<th>Primary</th>
<th>Contract</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEO</td>
<td>Subcontract</td>
<td>ODOT LDA</td>
</tr>
<tr>
<td>Good Faith Effort</td>
<td>Title 49</td>
<td>PLA Template</td>
</tr>
<tr>
<td>Utilities</td>
<td>Bid/Perf. Bond</td>
<td>Tax</td>
</tr>
<tr>
<td>Liability Insurance</td>
<td>Workers Comp</td>
<td>Child Support</td>
</tr>
</tbody>
</table>
Step 3 (Shop/Bid): How to? Posting, Responding and Opening Bids

- **Bid Openings:**
  - Tuesdays at 2:00pm, Purchasing Conference Room, Government Center 19th Floor, Suite 1970

- **Bid Tabulation Sheet:** Purchasing creates a Bid Tabulation Sheet summary of bids the same week.
Step 4 (Evaluate), Step 5 (Recommendation), Step 6 (Update Funds Reservation), Step 7 (Board of Awards) and Step 8 (Award Letter): How to?

- **Step 4: Department selects Review Team**: evaluates and recommends award *(5-10 business days)*
- **Step 5: Department** attaches the following documents to Requisition: (1) Award Recommendation Form, (2) Recommendation Memo, (3) Fiscal Officer Certificate, and (4) Contract signed by the vendor and the Department Director *(5 business days)*
- **Step 6: Department** updates Funds Reservation to indicate the award pricing. **NEW** Funds Reservation workflow in SAP automatically creates Fiscal Officer Certificate in SAP! *(1 business day)*
- **Step 7: Board of Awards/Supplemental Board of Review** meets every Friday at 9am in Purchasing to review and approve recommendations ≥ $100,000 and Supplementals *(1 – 8 business days)*
- **Step 8: Purchasing** sends Award Letter to Vendor + Dept. **NEW** automated from SAP! *(1 business day)*
Purchasing enters Contract and initiates SAP workflow Contract approval

- **Taxation** – Vendor is in compliance with City taxes
- **Finance Director** – verifying contract is in good financial standing
- **Diversity and Inclusion** – verifying prevailing wage, subcontractor information, compliance with the City’s MBE goals (10% - goods & services, 15% - construction)
- **Law Department** – verifying contract and supporting documents are all in good legal standing. Law also signs the contract approving it as to form
- **Mayor’s Office** – final review and signing of the contract. Only the Mayor or an authorized Designee are permitted to sign a contract on behalf of the City of Toledo
- **Purchasing** – After Mayor’s Office approval, contract dates are finalized in SAP, Department and Vendor are contacted to inform them of the contract’s execution

**NEW** automated in SAP!
Purchasing notifies Departments and Vendors of approved Contract **NEW** Notification automated in SAP!

Contracts *(1 business day)*
Types of Purchase Orders:

- **Standard PO**: most common purchase order
- **Release PO**: ties to a contract (new or existing). Any purchase ≥$10,000 use a release PO in SAP (except an ICT PO).
- **ICT PO**: for ICT related goods and services. ICT Director included in approvals.
- **Confirming PO**: for goods and services ordered and received prior to a Standard PO. The Department produces a memo to the Commissioner of Purchasing as to why the standard process was not followed.
Step 12 (Purchase Order) How to? Get PO’d *(2 business days)*

- **Department** enters a PO in SAP Workflow and attaches support (Quote summary Form, pricing submissions, etc)
- **If $1-$999:** approved by Department Commissioner then Purchasing
- **If ≥ $1,000:** approved by Department Director before final approval from Purchasing

- **Note:** a pre-construction meeting may be held at the Department’s request.
Coming Soon!

- **Lean Six Sigma Reform of Procure to Pay Process: 2020 - 2021**
  - 3rd Party Consultant Facilitator
  - Open and collaborative process with departments and vendors
  - Shared plan for comprehensive process improvement

- **Accounts Payable Centralization: 2nd Qtr 2020**
  - Accounts Payable will receive/enter invoices
  - Departments will provide Goods Receipts + check descriptions in SAP
Questions