

# Purchasing Guidelines

**Note: For all purchases, you must have approval from the Department/Division Head and proper budget authority.**

## Purchase of Goods/Commodities (Generally Major Object Code Series 53xxx)

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### Less than \$10,000 - PO or P-Card

A single purchase of goods for less than \$10,000 can be made with a purchasing card (p-card) or with a purchase order (PO). Written quotes are recommended, using best value judgment to make a final decision. You are encouraged to purchase from a registered local business under the [City's Local Vendor Preference program](#) and in particular, diverse businesses targeted for equitable purchasing listed in any of the directories on the [City's Equitable Purchasing Resources website](#).

### \$10,000 - \$49,999 - PO and Quotes

A single purchase of goods from \$10,000 - \$49,999 will be done with a PO. A minimum of three written quotes obtained by the department or purchasing staff is necessary before deciding on a vendor. At least one of the three quotes must be from a registered local business under the [City's Local Vendor Preference program](#) and at least one must be from a diverse business targeted for equitable purchasing listed in any of the directories on the [City's Equitable Purchasing Resources website](#). All vendors must be made aware of the \$50,000 Affirmative Action and \$25,000 Ban the Box requirements before submitting a quote. If the purchase of goods is a yearly and ongoing purchase, a formal bid should be done every 3-5 years.

### \$50,000 or greater - PO and Formal Bid

A single purchase of goods of \$50,000 or more will be done with a PO after a formal bid. Detailed product specifications and quantities will be given to purchasing staff for a formal bid. Purchasing staff will post the bid to <https://vendornet.wi.gov/> and <http://www.demandstar.com>, which will distribute the bid request to numerous vendors. The agency will provide purchasing staff with vendor names and addresses if there are specific vendors that should be invited to bid, including [registered local businesses](#) and those on the [City's Equitable Purchasing Resources website](#). Per [Common Council Resolution File #79719](#), any purchase over \$50,000 from [a nuclear weapons producer](#) must receive a waiver from the Finance Director (or from the Finance Committee if over \$250,000). See [Limitations on Nuclear Weapons Producers website](#) for more information. Please allow a minimum of 4 weeks for the completed bid process. If the purchase of goods is a yearly and ongoing purchase, a formal bid should be done every 3-5 years.

## Purchase of Services (Generally Major Object Code Series 54xxx)

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### Less than \$10,000 – PO or P-Card

A purchase of services with a value of less than \$10,000 can be done by PO or p-card. Written quotes are recommended, using best value judgment to make a final decision. You are encouraged to purchase from a registered local business under the [City's Local Vendor Preference Program](#) and in particular, diverse businesses targeted for equitable purchasing listed in any of the directories on the [City's Equitable Purchasing Resources website](#).

### \$10,000-\$49,999 - PO, Quotes and Contract for Purchase of Services

A purchase of services with a value from \$10,000 - \$49,999 will be done by PO and contract for purchase of services ("POS") (*except some software/technology contracts, see below*). A minimum of three written quotes must be obtained before deciding on a vendor. At least one of the three quotes must be from a registered local business under the [City's Local Vendor Preference program](#) and at least one must be from a diverse business targeted for equitable purchasing listed in any of the directories on the [City's Equitable Purchasing Resources website](#). A [contract for purchase of services](#) is required and can be signed by the Purchasing Agent for a maximum of 5 years. If the purchase is a yearly or ongoing purchase, a formal RFP should be done every 3-5 years.

### \$50,000 or greater - PO, RFP, and Contract for Purchase of Services

A purchase of services greater than \$50,000 will be done by PO and contract for purchase of services. Detailed product specifications and quantities will be given to purchasing staff for a formal RFP. Purchasing staff will post the RFP to <https://vendornet.wi.gov/> and [www.demandstar.com](http://www.demandstar.com) and they will distribute the request for proposal to numerous vendors. The agency will provide purchasing staff with vendor names and addresses if there are specific vendors that should be invited to bid, including [registered local businesses](#) and those on the [City's Equitable](#)

[Purchasing Resources website](#). Per [Common Council Resolution File #79719](#), any purchase over \$50,000 from [a nuclear weapons producer](#) must receive a waiver from the Finance Director (or from the Finance Committee if over \$250,000). See [Limitations on Nuclear Weapons Producers website](#) for more information. Please allow a minimum of 8 weeks for the completed RFP process. A [contract for purchase of services](#) is required and can be signed by the Purchasing Agent when competitively selected through an RFP, for a maximum of 5 years. If the purchase is a yearly or ongoing purchase, a formal RFP should be done every 3-5 years.

### **Greater than 5 calendar/budget years or 1-5 years and averaging more than \$100,000 per year – PO, RFP, Purchase of Services Contract, and Council Resolution**

Purchases meeting these criteria require a POS contract and approval by the City of Madison Common Council. The competitive process will be the same as for a service contract in the category above. A [contract for purchase of services \(POS\)](#) is required, to be signed by the vendor, the City Clerk and Mayor, with counter signature by the Finance Director and approval of the Department of Civil Rights, Risk Manager, and City Attorney. If the purchase is a yearly or ongoing purchase, a formal RFP should be done every 3-5 years.

#### **Note:**

If a contract includes renewals, these are included when determining the length of the contract.

### **Piggybacking**

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It is acceptable to piggyback off of State Contracts or contracts of other approved consortiums to satisfy the competitive process required for the purchase of goods or services. If using the piggyback option, you still need to do a [contract for purchase of services](#) or PO to include the City's terms and conditions as applicable. All other requirements remain the same; this only satisfies the competitive process requirement.

### **Non-Competitive Selection**

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In accordance with MGO Section 4.26(4), there are a few exceptions to the competitive selection requirement. If you believe your purchase complies with one of those exceptions, and your purchase is over \$10,000, you must complete a [Non-Competitive Selection Request Form](#). If your purchase is under \$50,000, the Procurement Supervisor will review your request for possible approval. For purchases of \$50,000 and greater (or \$50,000 or greater per year for software and technology services), the form will be submitted to the Procurement Supervisor, who will add historical context for City Purchasing to the form, and return to the submitter. The submitter will attach the form to a resolution requesting Common Council approval to make the purchase, as required by MGO 4.26. The form will be reviewed for approval by the Common Council when the resolution is considered. Sample resolutions for noncompetitive contracts are here: <https://www.cityofmadison.com/attorney/documents/SampleResolutionsMemo.pdf>

### **Software and Technology**

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The competitive selection process for software and technology (software, SaaS, hosting, hardware, online services) apply to these purchases like any others and these guidelines apply. There are two exceptions to the \$10,000 threshold for requiring a POS contract:

- Software/Technology under \$25,000 that qualify for “EULA” approval process: Software and technology purchases under \$25,000 per year may qualify for an expedited contract review process, described in [Resolution #72485 \(RES-22-00554\)](#). If a purchase qualifies, contract approval will take place through IT's New Technology Request workflow, accessed through the [IT Service Center](#).
- Annual Support and Maintenance Services under \$25,000 (software or hardware). Contracts to provide support and maintenance services for on-premise software and hardware under \$25,000 per year can be purchased with a PO only, and will not require a Purchase of Services (POS) contract. The agency purchasing support/maintenance should make the vendor aware of the requirements for a POS and the terms and conditions that come with it, should the \$25,000 be met in future years.

*\*\*\*Federal/State Grant Funds: Uniform Guidance requirements codified into Title 2, Part 200 of the Code of Federal Regulations have been considered and the City Purchasing Guidelines meet the current requirements.*