



Rancho Santa Fe Fire Protection District

ADMINISTRATIVE POLICY AND PROCEDURES

PURCHASING

FIRE CHIEF: _____

A handwritten signature in blue ink, appearing to be "E. A. ...", is written over the line for the Fire Chief's name.

Section: **A100.05**

Date Implemented: **09/2000**

Date Revised: **05/2020**

Page: **1 of 15**

I. PURPOSE:

- A. To establish a procedure for the purchase of equipment, supplies, materials and other services for the Rancho Santa Fe Fire Protection District as provided in the Fire Board's approved or amended annual budget.
- B. To ensure purchases made by Fire District employees comply with the allocation set forth in the approved budget.
- C. To establish a cost effective procedure for purchasing materials, supplies, equipment and services at the lowest price or from a responsible source/bidder.

II. RESPONSIBILITY AND AUTHORITY:

- A. All employees of the Rancho Santa Fe Fire Protection District who are responsible for purchasing of equipment, supplies and materials are required to do so in a manner consistent with this procedure.
- B. Personnel conducting purchases shall be responsible for ensuring compliance with the guidelines for seeking price quotes, completion of purchase orders, and/or all necessary accompanying paper work.
- C. All purchases shall be approved by the Fire Chief or designee.
- D. Responsibility – Fire Chief
 1. It is the role of the Fire Chief to recommend and develop policies, monitor compliance, provide effective coordination and counsel, administer the budget, maintain the classification and coding system, analyze proposed State and Federal regulations, formulate long-range planning and conduct special studies as needed. Additional responsibilities include:
 - A. Delegation of Purchasing Authority – Approves the delegation of purchasing authority to other employees of the Rancho Santa Fe Fire Protection District for purchase of goods and services.
 - B. Board of Director's Agenda Items – Prepare required Board of Directors agenda items to secure approval of purchase contracts and related documents which exceed the authority of the Fire Chief.

E. Authority

1. Authority of Board of Directors – Government Code Section 13861 vests in the Board of Directors full powers of organization and governance of the Fire District, subject only to certain limited legislative controls. One such control is the requirement to use competitive contracting, as set forth in Public Contract Code 20812. Thus, those authorized through the delegation process to enter into contracts for the Rancho Santa Fe Protection District may do so only when the requirements for competitive contracting are met.
2. Authority of the Fire Chief – The Board of Directors authorizes the Fire Chief to execute on behalf of the Rancho Santa Fe Fire Protection District all contracts and other documents necessary in the exercise of the Fire Chief’s duties. However, specific authorization by resolution of the Board of Directors is required for documents or expenditures which involve:
 - a. Obligations on the part of the Rancho Santa Fe Fire Protection District to expend funds over the authorized amount.
 - b. Agreements by which the Rancho Santa Fe Fire Protection District assumes liability for conduct of persons other than Fire District’s employees.
 - c. Fire Chief is authorized to execute all documents or expenditures necessary in the exercise of the Fire Chief’s duties when an emergency precludes prior submission to the Board, of expenditures which are above and beyond his or hers authorized limit, provided that in all such cases the Fire Chief shall report such actions to the Board, at its next regular meeting.

F. Modification – The Fire Chief shall receive approval by the Board of Directors for any modifications to the policy.

III. SCOPE:

A. These guidelines shall apply to all purchases made by the District and its employees

IV. DEFINITIONS:

A. Please reference pages 11 through 15 of the policy.

V. PROCEDURE:

A. Purchasing Requirements of Supplies, Materials, and Equipment.

1. Purchases \$5,000 or under may be made by authorized employees as designated by the Fire Chief or designee, and require only a purchase order or Cal-card.
2. Purchases between \$5,000 and \$10,000 require approval of the Fire Chief or designee, and completion of the purchase order form and include three verbal

quotes. A list of the three verbal quotes must be attached to the P.O. which shows the name of the vendor and person giving the quote. Internet quotes are also acceptable. If three price quotes cannot be acquired, a written explanation as to why must be submitted to the Fire Chief for approval.

3. Purchases between \$10,000 and \$25,000 require approval of the Fire Chief and must be bid competitively with three written price quotes and the completion of the purchase order form. A list of the three written quotes must be attached to the P.O. which shows the name of the vendor and person giving the quote. Internet quotes are also acceptable. If three price quotes cannot be acquired, a written explanation as to why must be submitted to the Fire Chief for approval.
4. Purchases in excess of \$25,000 require approval of the Board of Directors and are subject to Formal Bidding Procedures. (Reference Item V-C).

B. Contracts for Professional or Special Services.

1. Professional or Special Services are defined as specialized knowledge or personal skills, such as engineering, accounting, auditing, finance, and legal. The Board of Directors or the Fire Chief may request the bidding procedure for such service or may forgo the bidding procedure and deem such service by such individuals are in the best interest of the Fire District.
2. Contracts for professional or special services require approval of the Fire Chief or designee but are exempt from the minimum number of price quotes, but should be obtained whenever possible.
3. The selection of the contract shall be based upon an analysis of demonstrated competence and professional qualifications necessary for the satisfactory performance of the services required as well as the cost of the service.
4. Contracts \$5,000 or under may be made by authorized employees as designated by the Fire Chief or designee and require only a purchase order or Cal-card.
5. Contracts which are between \$5,000 and \$10,000 require a purchase order and approval of the Fire Chief.
6. Contracts between \$10,000 and \$25,000 will undergo informal bidding process of obtaining three written quotes and approval by the Fire Chief. If three price quotes cannot be acquired, a written explanation as to why must be submitted to the Fire Chief for approval.
7. Contracts in excess of \$25,000 require to be reviewed by legal counsel and approval of the Board of Directors and are subject to Formal Bidding Procedures (Reference Item V-C).

C. Formal Bidding Procedures.

1. The purchase or contract for services, supplies, materials and equipment shall be by formal sealed written competitive bids and awarded by the Rancho Santa Fe Fire Protection District to the lowest responsive and responsible bidder submitting the best bid in accordance with the competitive bidding process provided hereinafter:
 - a. The Fire Chief or designee shall issue a notice inviting bids using one or more methods designed to provide reasonable public notice in a manner which will permit current information to be disseminated widely. The notice shall include:
 - (1) Instructions to bidders;
 - (2) Specifications describing the required goods;
 - (3) Bid forms and schedules;
 - (4) Any required bond forms;
 - (5) General Contract provisions;
 - (6) The time on or before which bids will be received;
 - (7) Where and with whom bids shall be filed;
 - (8) The date, time, and place where and when bids will be publicly opened;
 - (9) Statement of bidders' exceptions.
 - b. Sealed formal bids shall be received by the Administrator or designee, at time, date, and place designated in the bid documents. Formal bids, timely received, will be publicly opened by the Fire Chief or designee, and the aggregate bid pricing shall be read aloud.
 - c. Any person or entity with whom the Rancho Santa Fe Fire Protection District has contracted to prepare or assist in the preparation of the bid or proposal documents is ineligible to submit a bid or proposal for the provision of the service or goods so specified in the notice inviting bids or proposals.
 - d. Formal bids received after the deadline for receipt of bids shall not be accepted by the Rancho Santa Fe Fire Protection District and shall be returned to the bidder unopened, unless opening is necessary for identification purpose. The Fire Chief or designee shall submit written notification to the bidder whose bid was received after the deadline stating what the deadline was, when the bid was actually received and that the bid is being returned because it was after the deadline.
 - e. If no bids are received or if no bids meet the requirements as specified in the solicitation documents, the Fire Chief or designee may reissue the solicitation using the informal bidding procedures, negotiate a Contract based upon the solicitation without further complying with this Section, or the Rancho Santa Fe Fire Protection District may terminate the procurement.
 - f. If two or more bids are received with the same total amount or unit price, quality and service being equal, and if the public interest will not permit the delay or re-advertising for bids, the Fire Chief may exercise sound discretion and accept the bid he or she chooses.
 - g. In considering formal bids for services or goods, the Board of Directors or Fire Chief may waive minor defects or irregularities, provided that the irregularities do not affect the bid amount or give a particular bidder an advantage over others.

- h. All bids shall be deemed rejected if no action is taken on the bids or proposal within ninety days after the bids have been received and opened, unless bidders agree to extend a bid's effective date at the request of the Rancho Santa Fe Fire Protection District.
- i. The Board of Directors or Fire Chief shall be the authority to reject all bids if doing so is in the best interest of the Rancho Santa Fe Fire Protection District.
- j. The Rancho Santa Fe Fire Protection District shall have the authority to require a performance bond in such amount as it finds reasonably necessary to protect the best interest of the Rancho Santa Fe Fire Protection District consistent with applicable law. If the Rancho Santa Fe Fire Protection District requires a performance bond, the amount of the bond shall be described in the notice inviting bids and bid proposal documents.
- k. An invitation for bids that yields only a single bid from a responsive and responsible bidder, the District at its option, will conduct a price and/or cost analysis of the proposal and negotiate the award, or reject the proposal and re-advertise. A price analysis may include comparing current published public sector pricing, price quotations submitted on similar projects to other jurisdictions; past similar procurements indexed by CPI or PPI, or other established or competitive price processes.

D. Awarding of Contracts.

- 1. The Award of Contract shall be based upon the best value to the Rancho Santa Fe Fire Protection District or awarded to the lowest Responsive Bid submitted by a Responsible Bidder.
- 2. Any and all bids may be rejected when it is in the Rancho Santa Fe Fire Protection District's best interest to do so.
- 3. No employee or agent shall participate in the selection, award, or administration of a contract if a conflict of interest would be involved. Such a conflict would arise if the employee, officer or agent or member of the immediate family, their partner or an organization which employees are about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award.
- 4. Employees or agents of the recipient shall neither solicit nor accept gratuities, favors, or anything of greater than nominal monetary value from the contractors' parties to sub-agreements, or parties receiving benefits of services from the Rancho Santa Fe Fire Protection District.
- 5. Any violations of such standards by employees or agents of the Rancho Santa Fe Fire Protection District shall be subject to disciplinary action.
- 6. Any gifts of whatever value received by the Rancho Santa Fe Fire Protection District will be considered gifts to the organization. Money and gratuities received as

representatives of the Rancho Santa Fe Fire Protection District will adhere to the District's Gratuity and Donations Policy (A100.06)

7. All open purchase orders are issued on a periodic basis through the Rancho Santa Fe Fire Protection District administrative office. The open purchase orders shall be valid for the length of time, single purchase limit, and cumulative amount specified on the purchase order.

E. Contract Administration.

1. The Rancho Santa Fe Fire Protection District will maintain a system for contract administration to ensure compliance with terms and conditions of the contract, to ensure adequate and timely payment of all obligations, to ensure that contractors have met the terms and conditions and specifications of the contract and the evaluate the contractor's performance.
2. Procurement records and files for purchases in excess of \$25,000 will include the following:
 - a. Basis for contractor selection;
 - b. Justification for lack of competition when competitive bids or offers are not obtained; and
 - c. Basis for award of contract.

F. General Guidelines.

1. Fire Chief or designee is responsible for managing his/her budgets in accordance with sound management principles.
2. Fire Chief or designee shall assure that purchases are authorized in the budget, and that appropriations are sufficient to acquire the good or service.
3. All purchasers shall strive to obtain the most cost-effective prices for the Rancho Santa Fe Fire Protection District, and shall consider life-cycle costing or other sound practices in acquisition decisions.
4. A minimum of three (3) written price quotes shall be obtained for all materials, supplies and equipment over \$10,000 unless there are fewer than three qualified or interested suppliers, except for purchases made pursuant to an open purchase order or separate agreement. In cases of recurring purchases for similar items, prior price quotes may be used provided they are less than six months old. Thereafter, purchasers shall obtain new quotes.
5. All purchases, except those made from special or recurring bills (e.g. membership renewals, subscription renewals, conference registrations, contract billings, permit fees, inter-local fees and assessments, etc.), shall be made with a purchase order.

6. An open purchase order (open account) of up to \$10,000 may be sent, on a periodic basis, to selected vendors. Receipts shall be obtained whenever any purchase is made from an open purchase order. Receipts from open purchase order purchases shall be turned in to Accounts Payable at the administrative office.
7. No single purchase under an open purchase order may exceed \$3,000 without pre-approval of the Fire Chief or designee.
8. With approval of the Fire Chief or designee, a Cal-card for selected vendors and uses (e.g. discount wholesale clubs like Costco, Home Depot) may be authorized and exempted from completing the purchase order form, provided the receipt for said purchases are submitted to Accounts Payable at the administrative office.
9. With prior approval of the Fire Chief or designee, an employee may personally pay for an approved purchase, and then seek reimbursement through an expense voucher.
10. All invoices received pursuant to this policy shall be approved for payment by the Fire Chief or designee on either the invoice itself or on the purchase order.
11. For major purchases, the Rancho Santa Fe Fire Protection District administrative office shall review the budget line items to which a purchase order is charged. If a question is raised as to the availability of funds or proper account to be charged, the Fire Chief or Designee shall decide.
12. Purchase orders are normally issued for the amount stated. The vendor can only supply goods and services at the cost listed, except for price reductions.

G. Purchase Order Procedures.

1. Purchase orders may be obtained by Accounts Payable at the administrative office.
2. Completely fill out a purchase order (P.O.) form (including account information) for all purchases except recurring bills, credit card purchases, or open purchase orders.
 - Vendor name and address
 - Current date
 - Line item account number (also known as a requisition number), taken from the chart of accounts/expense codes.
 - The delivery location
 - The “Free on Board” (F.O.B.) point (either destination or manufacturer.)
 - The quantity ordered a description of the item(s), the unit price, and the sub-total.
 - The applicable sales tax.
 - The amount of estimated shipping cost, if any.

- Send one copy of the completed and approved purchase order form to the vendor, one copy to the Rancho Santa Fe Fire Protection District Accounts Payable at the administrative office.
- 3. Any employee authorized to purchase under an open purchase order shall secure and return a receipt or statement of the purchase to the Rancho Santa Fe Fire Protection District administrative office. The receipt or statement shall include the account number to be charged.
- 4. Invoices are to be sent to Accounts Payable, who will match the invoice against the purchase order and process it. Sign and record the account number to be charged on all invoices received which did not require a purchase order (recurring bills, renewals, etc.). Any unresolved questions regarding fund availability or the account to be charged should be brought to the attention of the Fire Chief or designee.
- 5. The Rancho Santa Fe Fire Protection District administrative assistance, accounts payable, will assure all invoices or vouchers prepared for payment of purchases have been approved, and signed by the appropriate individual.

H. Emergency Purchases And Repairs

1. Emergencies are defined as:
“Situations that endanger lives, property, or the continuation of vital programs and require immediate, on-the-spot purchases of equipment, materials, supplies or services.”
2. Emergency Purchases of Goods and Services.
 - a. The essence of an emergency is time. However, proper procurement planning for anticipated needs is expected. Emergency purchases should be rare and based on completely unforeseeable circumstances. The decision to declare an emergency purchase is the sole responsibility of the Fire Chief or designee.
 - b. The Board of Directors has delegated to the Fire Chief or designee, to make emergency purchases with a full report made to the Board of Directors at the next regular Board of Directors meeting for any emergency purchases over \$25,000.
 - c. The Rancho Santa Fe Fire Protection District is encouraged to use standard informal bid procedures, including obtaining the required number of bids. Documentation is to be retained by the Rancho Santa Fe Fire Protection District for auditing purposes. Bidding for an emergency purchase is done by the Fire Chief or designee who is responsible for awarding the order to the lowest and best bid, considering the emergency conditions. The Fire Chief or Designee will have the responsibility for handling complaints and protests.

- d. An emergency purchase requires a letter of justification which will become a part of the file. The letter should be signed by the Fire Chief or designee and must:
 - State the reason for the emergency purchase by explaining what the emergency is and/or what caused the emergency situation;
 - State the specific financial or operational damage that will occur if needs are not satisfied immediately (do not just say there will be a loss or some damage); and
 - State why the needs were not or could not be anticipated so that items could have been purchased following regular delegated procurement procedures.

- e. Required Auditing Documents:
 - Copy of signed bid from awarded vendor;
 - Estimated dollar amount;
 - Beginning and ending date;
 - Bid tabulation sheet (if applicable);
 - Emergency justification letter documenting the unforeseeable circumstances, which forced the agency into an emergency procurement situation;
 - Invoice receipt; and
 - Copy of purchase order.

3. Emergency Repairs

- a. The Fire Chief or designee is authorized without prior Board of Director approval to expend the funds necessary to complete emergency repairs so that services are resumed as soon as possible. Prior Board approval shall be obtained whenever practical.

I. Exceptions to Competitive Procurement

- 1. The following goods, services and classes of procurements are exempt from the competitive procurement requirements of this policy:

- 2. Cooperative Purchasing: Services and goods that are acquired directly from or in cooperation with another governmental agency, or under a contract awarded by the federal government of the State or another government, or competitively by any governmental agency to a third party, when the price can be determined to be fair and reasonable, and the sales price of the item to be purchased has been obtained through the competitive bidding process conducted within a previous 12-month period, by the other agency.

- 3. Single/Sole Source: Only one person, firm or manufacturer exists that can provide the needed item or services, and no equivalent person, firm or manufacturer is available that would meet the best interest of the Rancho Santa Fe Fire Protection District such as quality, schedule, standardization/interoperability or continuity of service.

4. Patent/Copy Rights: Competition is precluded because of the existence of patent rights, copyrights, secret processes, control of the basic raw material(s) or similar circumstances, and there is no equivalent item or service.
5. Absolute Compatibility:
 - a. The procurement is for replacement parts or components for equipment, and no information or data is available to ensure that the parts or components obtained from another supplier will perform the same function in the equipment as the part or component to be replaced:
 - b. The procurement is for replacement parts or components for equipment, and the replacement parts or components would compromise the safety or reliability of the product or personnel, or would avoid or invalidate a manufacturer's warranty or guarantee; or
 - c. The procurement is for upgrades, enhancements or additions to hardware or for enhancements or additions to software, and no information and data is available to ensure that equipment or software from different manufacturers or developers will be as compatible as equipment or software from the original manufacturer(s) or developer(s).
6. Emergency purchases or repairs pursuant of this policy (Reference Item III-H)
7. Utility Services: Such as water, sewer, natural gas, electricity, cable, telephone (landline and cellular) and internet.
8. Professional or Special Services deemed by the Fire Chief or designee to be in the best interest of the Fire District.
9. Miscellaneous:
 - a. Advertising.
 - b. Insurance and bond premiums.
 - c. Credit card purchases of gasoline, oil or emergency automotive needs.
 - d. Real property purchases and related title and escrow fee.
 - e. Transportation and freight charges for shipment of goods.
 - f. Payroll related activities or transactions.
 - g. Membership dues, conventions, training, travel arrangements, including hotel, car rental and airfare.

DEFINITIONS OF COMMON PURCHASING TERMS

Acknowledgment – A form used by a vendor to inform a purchaser that his order has been received. It generally implies vendor’s acceptance.

Act of God – Any accident of a physical cause which is irresistible, such as a hurricane, flood, or lightning; in no way connected with negligence; and beyond the control of, or avoidance by, human power.

Addendum – A formal document, issued by Purchasing, which changes specifications or bid terms and conditions prior to the time of bid opening.

Agency – A relationship between two parties such that one is authorized to perform or transact certain business for the other.

Amendment – Formal notification to contract parties of changes in price, terms, or conditions of a contract previously executed.

As Is – An expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse on the vendor for the quality or condition of the goods.

Assignment – Transference of some property right or title to another party.

Authorized Deviation – Permission given to a vendor authorizing production or delivery of items within stated limits other than those specified originally.

Backdoor Selling – The action of a salesperson who bypasses the Purchasing Division and visits the division that uses his product.

Back Order – The undelivered part of an order which the vendor reenters for shipment at a later date.

Bid –

- (1) A price offer, usually in competition with other vendors, in response to an Invitation to Bid.
- (2) A price offer made at public auction.

Bill of Sale – A written agreement transferring ownership of a property from one party to another.

Buyer’s Market – A market condition favorable to purchasers which exists when the forces of supply and demand keep prices at a relatively low level.

Cartage – A charge for local hauling.

Caveat Emptor – “Let the Buyer Beware”: The sale is at the purchaser’s risk.

Certified Check – A check endorsed by a bank, guaranteeing its payment.

Change Order – A purchasing document used to modify or add to a purchase order.

Competitive Bidding – The offer made by individuals or firms competing for a contract, privilege, or right to supply specified services or merchandise.

Confirming Order – A purchase order listing the goods or services and terms of an order originally placed orally.

Contract – An oral or written legally binding mutual agreement between two competent parties. An accepted purchase order becomes a contract.

Contractor –

- (1) Any one of the parties to a contract,
- (2) One who contracts to perform work or furnish materials in accordance with a contract.

Delivery – The transfer of possession. In shipping, it occurs when the carrier submits the bill of lading or title to the goods to the recipient.

Delivery Schedule – The agreed time or rate of future deliveries of purchased goods or services.

Depreciation – Decrease in value of a capital asset because of use, deterioration, inadequacy, or obsolescence.

Destination – The place to which a shipment is consigned.

Direct Delivery (Drop Shipment) – The consignment of goods directly from the supplier to the Purchaser. Often used where there is a third party acting as intermediary agent.

Discount – An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

Distributor – A purchaser who acquires goods for resale to a wholesaler, retailer, or ultimate consumer.

Emergency Order – The purchase of materials or services urgently needed to get rush jobs moving.

En Route – On or along the way.

Equipment – Personal property of durable nature, which retains its identity throughout its useful life.

Escalation – The amount of adjustment allowed in contract price if specified contingencies such as an increase in vendor's costs take place.

Expedite – “Follow up.” Tracing the status of an order to ensure that goods are delivered in accordance with contract terms.

Express Warranty – Vendor’s representations concerning the nature and use of goods, which the vendor intends the buyer to rely on.

Firm Bid – A definite price proposal as differentiated from an “estimated” bid.

Follow Up – See “Expedite”.

Formal Bids – Purchases with an estimated value of \$25,000 or greater which require publicly opened sealed bids after advertising in the newspaper.

Free On Board (F.O.B.) – Indicates a type of business transaction in which the vendor of goods is responsible for all expenses incidental to delivery of goods to the purchaser at a particular place designated.

Inspection – Examination and testing of supplies, including raw materials, components, intermediate assemblies and send items to determine whether they conform to contract requirements.

Inventory – A stock of goods or an itemized list of a stock of goods on hand at a particular time.

Invitation to Bid – A request made by a purchaser to prospective vendors for their competitive price quotations on goods or services.

Invoice – A bill sent to the purchaser for payment. It shows quantity, price, and the nature of goods or services or services delivered.

Invoice Discrepancy – Price, terms, or conditions on an invoice which differ from those stated at the time of order placement and/or vendor acknowledgement.

Jobber – A dealer who purchases goods or commodities from manufacturers or importers for resale to retailers.

Knocked Down – The term means that the article described is delivered unassembled.

Lead Time – The period of time between the date of ordering to the date of delivery that the purchaser must reasonable grant the vendor to prepare goods for shipment.

Lease – A contract conveying from one person to another real estate or personal property for a period of time in return for compensation such as a specified rent.

Liquidated Damages – A sum agreed upon between the parties to a contract as damages for breach of contract, to be paid by the breaching party.

List Price – The price published in a catalogue or other means of publication.

Lump Sum – The price agreed upon between vendor and purchaser for a group of items. The items are not broken down by individual value.

Manufacturer – One who produces or assembles items from less complex goods (raw materials or components).

Mill Run – An order for sufficient quantity of raw material to warrant a special run by the producer.

Negligence – Under a legal duty the doing or omission of some act with a reasonable, prudent person would not have done or omitted under the circumstances.

Negotiation – In purchasing, the process of arriving at an agreement on the essentials of a purchase contract between the purchaser and the seller—through discussion.

Packing List – A detailed document which itemizes the content of a particular package or shipment.

Penalty Clause – A clause in a contract which specifies the amount of money a contractor must pay if he defaults on the terms of his contract.

Point of Origin – The depot where a shipment is received by a carrier from the shipper.

Prepaid Transportation – Charges have been or are to be paid at the point of shipment.

Prequalification – The establishment of products suitable for use prior to competitive bidding.

Progress Payments – Payments agreed upon in connection with purchase transactions which require periodic payments before delivery for certain stated amounts. The entire purchase price may be due in advance of delivery, or partially in advance and partially after delivery. Progress payments are generally required in contracts for building construction and often for specially designed machinery and equipment.

Proprietary Article – An article made and marketed by a patentee.

Purchase Order – A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

Purchase Requisition – A formal request made to Purchasing to procure goods or services from vendors.

Purchasing – Buying materials and services of the right quality, in the right quantity, at the right price, from the right source, and for delivery at the right time.

Quantity Discount – Reduction in the unit price offered for large contracts.

Quotation – A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser; a bid.

Responsible Bidder – A person or firm having the capability in all respects to perform the contract requirements.

Responsive Bidder – A person or firm who has submitted a bid conforming to all terms, conditions, and requirements of the Invitation to Bid.

Retention – The withholding of a part of the purchase payment due until the purchase has been finally accepted as fully meeting specifications. The amount retained as well as the period of retention is stated in the contract agreement.

Salvage Property – That has some value in addition to its value as scrap, but which is no longer useful as a unit in its present condition and whose restoration to usefulness as a unit is economically not feasible.

Seller's Market – A market condition favorable to vendors which exists when the forces of supply and demand keep prices at a relatively high level.

Specification – A comprehensive and accurate statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met.

Subcontractor – A party contracting with a prime contractor to perform all or any part of the latter's contract.

Terms of Payment – The method of payment agreed upon in a sales contract.

Trademark – Exclusive legal symbol used by a supplier to designate his particular goods which may be registered with the U.S. Patent Office.

Value Intrinsic Worth – It is determined by the lowest overall cost at which a satisfactory supply of goods or services can be reliably provided.

Vendor – The seller of goods or services.

Volume Discount – A reduction of price predicated upon the size of an order or upon the total annual volume.

Warranty – An undertaking either expressed or implied that a certain fact regarding the subject matter of a contract is as it is or promised to be. Not to be confused with "guarantee" which entails contractual responsibility for the substandard performance or nonperformance of another party.

Wholesaler – A purchaser who buys goods for resale