

CITY OF STEWARTVILLE PURCHASING POLICY

I. INTRODUCTION & OBJECTIVES

The purchasing policies of the City of Stewartville are established by the City Council. These policies are designed to provide guidance and instruction to the staff involved in the purchasing process. They set forth the authorities and responsibilities of those participating in the system and outline the requirements of pertinent statutes and regulations. Council grants staff the authority to purchase materials and equipment within the budgeted amount previously approved by Council under the following guidelines

The objectives of the Purchasing Policy are:

1. To obtain supplies, equipment, and services as economically as possible.
2. To purchase materials which are best suited to the specific needs of departments.
3. To improve the speed of delivery to departments by predetermining, through contracts or other appropriate means, the sources of supply before the actual needs.
4. To promote fair and open competition among bidders.
5. To ensure compliance with all applicable policies, statutes, and regulations of the City, the State, and the Federal Government.

All employees of the City shall comply with all local, state, and federal statutory requirements regarding purchase of materials or services. The following practices are also specifically forbidden:

1. Using information available to an employee solely because of their position for personal profit, gain, or advantage.
2. Directly or indirectly furnishing estimating services, or any other services or information not available to all prospective bidders, to any person bidding on, or who may reasonably be expected to bid on, a contract.

II. PURCHASING STANDARDS AND METHODS

In general, purchases for the requirements of the City shall be made by each Department subject to the conditions of this Purchasing Policy. Purchasing will be done on a competitive basis and consistent with the approved annual budget, Capital Improvement Program or Capital Equipment Budget. Local businesses and vendors will be given the opportunity to bid or provide quotes for services or products. To facilitate a sound and cost effective purchasing operation; the City shall follow one of the following procurement methods:

A. SMALL PURCHASE PROCEDURES

These are informal procurement methods used for purchase of services, supplies, or other property. Examples of small purchase procedures include petty cash and purchases of items of less than \$1,000. These purchases may be made by the Department Head or his designee.

B. PURCHASES NOT REQUIRING QUOTES

Purchases over \$1,000.00 but less than \$10,000.00 may be made on the open market by the Department Head without obtaining quotes for approved budgeted materials or equipment.

C. PURCHASES REQUIRING QUOTES

Purchases over \$10,000.00 but under \$50,000.00 will require at least two quotes, reviewed by the appropriate Department Head, the City Administrator and approved by the City Council. The quotes must be kept on file for one year. A purchase order will be obtained through the Finance Director.

D. COMPETITIVE SEALED BIDS

All purchases over \$50,000.00 require formal preparation of specifications. Bids must be advertised in the City's legal newspaper, publicly opened and approved by Council resolution. Bids are received by the appropriate Department Head and are opened and tabulated on the date and time specified in the legal advertisement. The successful bid will be presented to Council by resolution for approval. The bid is awarded to the lowest responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, represents the best combination of quality, service and price.

E. COMPETITIVE NEGOTIATION

Proposals are requested from two or more sources and the Request for Proposal is publicized. Negotiations are normally conducted with more than one of the sources submitting offers, and either a fixed price or cost reimbursable type contract is awarded as appropriate. Competitive negotiation may be used if conditions are not appropriate for the use of competitive sealed bids.

F. NONCOMPETITIVE NEGOTIATION

Procurement through invitation of a proposal from only one source, or after invitation of a number of sources is used if competition is determined inadequate. Noncompetitive negotiation may be used when the award of a contract is not feasible under small purchase, competitive bidding (formal advertising) or competitive negotiation procedures. Circumstances under which a contract may be awarded by noncompetitive negotiation are limited to the following:

- 1) The item is available only from a single source;
- 2) Public emergency. When the urgency for the requirement will not permit a delay incident to competitive invitation;
- 3) After invitation of a number of sources, competition is determined inadequate.

III. PLANNING AND SCHEDULING

Capital purchases will be identified and scheduled in the annual 5-year Capital Improvement Plan or Capital Equipment Budget. The City Administrator and Department Heads may request the alteration of such plans if in the best interest of the City and only with prior Council approval.

- 1) The Department Head in cooperation with the City Administrator prepares bid specifications.
- 2) An Advertisement for Bids is published in the official City newspaper. If the dollar amount of the purchase will be \$100,000 or less, such advertisement must appear not less than 10 days before the bid opening. If over \$100,000, the advertisement must appear not later than three weeks before the last date for submission of bids. Any subsequent changes made to the specifications will be in the form of written addendum to the specifications sent to all prospective bidders.
- 3) Bids are received by the City Administrator or his designee and the

appropriate Department Head and are opened, witnessed, and tabulated on the date, time and place advertised.

- 4) Upon further review, the City reserves the right, to accept or reject any variations or exceptions or to accept or reject any or all bids as stated in the invitation to bid.
- 5) The City Administrative Staff and appropriate Department Head will review all bids for conformance to the specifications. The City Administrator and the appropriate Department Head will prepare a recommendation for the award of bids to be considered by the City Council. When it is recommended to award the bid to a bidder other than the low bidder, the justification must be clearly presented.
- 6) Award shall be based on, but not necessarily limited to, the factors of price, delivery date, City's experience with the products proposed, City's experience with the service proposed, City's evaluation of the bidder's ability to service City in terms of the requirements as called for in the specifications, energy considerations, and evaluation of total costs of ownership. The City reserves the right to accept or reject any or all bids or any part of a bid and to waive any defects or irregularities or to advertise for new bids where the acceptance, rejection, waiving, or re-advertising of such would be in the best interest of the City. If included in the specifications, the City also reserves the right to award all or part by item, group of items, or by section where such action serves the City's best interest.

IV. BID SPECIFICATIONS

The following will be included in all bid specifications:

- 1) Bid Preparation instructions:
 - a. Bids must be typed or prepared in ink.
 - b. Bids must be signed in ink.
 - c. All erasures or changes must be initialed.
 - d. Bids must be received no later than stated in the advertisement for bids.
- 2) The advertisement for bids will include:
 - a. Date and time by which bids must be submitted.
 - b. Location for delivery of bids.
 - c. Date, time, and place of bid opening.
- 3) Changes and corrections:

The bidder shall not be allowed to take advantage of any errors or omissions in the specifications. Where errors or omissions appear in the specifications, the bidder shall promptly notify the City in writing of such error or omission. Inconsistencies in the specifications wherever found, are to be reported in writing before the bids are received.

4) Compliance requirements:

To facilitate comparison of proposals and to provide a means of checking adherence to the specifications, each bidder shall submit with their proposal descriptive literature and a list of variations, if any, where the equipment differs from the specifications bid therein. Where variations are not cited it shall be assumed that the bidder proposes to meet all the requirements of the specifications.

5) Test inspection plan or review of samples of prototypes.

6) Terms and conditions:

- a. Method of delivery.
- b. The City retains the right to reject any items deemed to be unacceptable upon inspection.
- c. When samples are needed to make an evaluation of the products requested, they will be requested in the invitation for bids. The item or any unused portion will be returned to the bidder upon completion of the testing.

7) Bid security:

The bid must be accompanied by cash, a certified check, cashier's check, or bid bond payable to the City in the amount of not less than five percent (5%) of the bid. All bid securities will be held until a purchase award has been made. The security of the successful bidder will be held until bidder has fully complied with all purchasing procedures.

8) Statement of compliance with applicable laws.

The bid proposal will include a statement that the bidder complies with all applicable local, state and federal statutory requirements, including the Equal Employment Opportunity Act and any other applicable requirements.

V. ADDITIONAL PROVISIONS

A. EMERGENCY PURCHASES

Emergency purchases are those made by Departments where an immediate purchase is necessary to correct a situation which would adversely affect the life, the health and safety of people, personnel and protecting the environment.

To the greatest extent possible, the preceding procedures should be followed. However, in case of an emergency, Department Personnel may purchase directly any supplies, materials or services necessary to alleviate the emergency. Every effort shall be made to contact the appropriate Department Head whether the emergency occurs during or after normal working hours. On the next working day, such emergency purchases will be explained to the City Administrator.

B. COOPERATIVE PURCHASING

Where a purchase contract has been awarded in compliance with applicable state statutes, and where it is legally permissible for the City to participate in that contract, the appropriate Department Head may purchase supplies named in that contract, without fulfilling the competitive bidding requirements.

C. DISPOSITION OF SURPLUS PROPERTY

The appropriate Department Head is responsible for the disposition of all surplus, salvage, obsolete and unneeded materials or equipment belonging to the City. At least once a year all Departments will be asked to report stocks of materials which have become obsolete or worn and are no longer useful to their operation.

Sale of material in the amount of \$5,000 or less may be made by advertising in the official City newspaper with sale to the highest bidder. If no bids are obtained through this manner the Department Head with the approval of the City Administrator may sell the material by other means available. Property exceeding \$5,000, sale will be accomplished by sealed bids, if possible, with an advertisement for bids published in the official City newspaper at least 10 days prior to the bid opening.

As an alternative, items of under \$1,000 in value may be disposed of at the discretion of the appropriate Department Head.

Adopted by the City Council: December 28, 2004