



Purchasing Policies and Procedures Adopted November 2017

The intent of the Burlington City Council and city staff is to buy materials, supplies and services of high quality at a reasonable cost. All purchasing actions engaged by the City should be fair, impartial, and free from impropriety or the appearance of impropriety. All qualified buyers and sellers shall have access to compete for City business, and no reasonable offer shall be arbitrarily excluded.

I. Policies

A. It shall be the responsibility of the Department Head to ensure that all policies and procedures are followed by his/her department.

B. The Department Head shall be responsible for all purchases for his/her department. At the Department Heads' discretion, he/she may delegate approval authority to secondary supervisors for purchases not to exceed \$750.

C. Only the purchasing methods described herein are available for purchasing goods and services on behalf of the City.

D. All purchases for capital equipment or capital improvements must be approved by the City Manager prior to purchase.

E. All required and applicable paperwork should be forwarded to the Finance Department as promptly as possible to expedite processing.

F. No purchase made by an employee shall bind the City to receive and/or pay for the goods or service procured, unless authorized by the methods described herein.

G. Noncompliance with these policies and procedures may result in the return of improperly authorized or prepared documents, nonpayment of vendor's invoices, the cancellation of purchase orders or purchasing privileges, or other sanctions as necessary.

H. Transactions should not be split into smaller parts in order to circumvent the dollar limitations and requirements of this policy.

I. The City does not prepay for goods or services or utilize prepaid devices such as gift cards. If a vendor requires prepayment for goods or services, authorization must be obtained from the City Manager's Office or the Finance Department.

J. Employee reimbursements should be kept to a minimum and be limited to emergencies and travel/training. Sales tax will only be reimbursed to employees for these types of transactions.

K. Department heads must verify and ensure that all purchases for items being funded by State or Federal grants or other grants qualify for the guidelines and requirements of the grant and do NOT exceed available grant funds unless approved by the Finance Department or the City Manager.

L. Local Preference Given – The City of Burlington recognizes that the success of our City is directly linked to the success of our local businesses. For this reason the City of Burlington allows locally-owned businesses located within the City of Burlington corporate limits a five (5) percent preference on purchases (up to a maximum differential of \$5,000). Purchases which are made through the formal bid process (i.e. construction projects) must be awarded to the lowest responsive, responsible bidder per Code of Iowa requirements.

M. Where possible, department heads are required to coordinate their purchasing activities with other departments in order to obtain the best purchase price available.

II. **Methods and Procedures**

All purchases, regardless of dollar amount or bidding method, must use one of the following purchasing methods. These methods of purchasing goods and services are available for purchases not requiring formal bidding and council approval:

1. Purchase order
2. Annual purchase order
3. Small purchase order
4. Emergency purchase order
5. Petty cash
6. Certain exceptions

A. A purchase order is mandatory for all purchases with the only exceptions being listed in this document. In order to obtain a purchase order, it is required that a purchase requisition be submitted to the Finance Department **prior** to placing the order with the vendor. A purchase order is obtained using the following steps:

Step 1 - A purchase requisition is submitted to the Finance Department via the Financial Plus software. The form must be properly completed, including appropriate descriptions, required approvals, and correct fund/account numbers. All information is reviewed and verified by the Finance Department.

Step 2 - A pre-numbered purchase order is issued by the Finance Department. The original is returned to the purchasing department to send to the vendor; a second copy is retained by the purchasing department (to be included with invoice when submitted for payment); and a third copy is held by the Finance Department.

Step 3 - The purchasing department orders the goods or services. As noted on the face of the purchase order, all invoices are to be sent to the City Hall address. All vendor invoices should indicate the purchase order number, and the goods received should be verified against the invoice and the purchase order by the department.

B. The annual purchase order may be issued to qualified vendors for the procurement of regular, ordinary, and necessary purchases that are under \$750 in total for every purchase. Annual purchase orders should only be used with vendors with a high volume of usage. Improper use of an annual purchase order will result in its cancellation. Annual purchase orders should not be used for:

1. Travel and training (see travel and training policy)
2. Initiating ongoing service, utility, or maintenance contracts
3. Purchasing capital equipment (7** account numbers)

An annual purchase order is obtained using the following steps:

Step 1 – A purchase requisition form should be submitted to the Finance Department via the Pentamation software similar to that of a regular purchase order. An annual purchase order is issued for a period of time not to extend past the end of the current fiscal year. It should also include an estimate of the amount to be purchased over this period of time. The department's budget will be encumbered by the amount estimated. The amount to be encumbered cannot exceed the amount available in the budget. Once the estimated purchase amount or the time period has been exceeded, the annual purchase order will be canceled.

Step 2 – The purchasing department should make arrangements with the vendor to purchase under the annual purchase order. Every department wishing to purchase with a vendor using an annual purchase order should submit for its own annual purchase order with that vendor.

Step 3 – The purchasing department orders the goods or services. Each purchase under an annual purchase order does not require a requisition. The annual purchase order number must be known in order for a purchase to be made from the vendor. As noted on the face of the purchase order, all invoices are to be sent to the City Hall address. All vendor invoices should indicate the purchase order number.

C. A small purchase order can be utilized for the procurement of regular, ordinary, and necessary purchases that are under \$250 in total for non-local purchases and under \$750 in total for purchases within Burlington or West Burlington. A pre-numbered small purchase order form must be properly approved at the Supervisory level or higher (Department Head discretion) **prior** to making the purchase. The purchase does not need to be authorized by the Finance Department. Small purchase orders should not be used for:

1. Travel and training (see travel and training policy)
2. Initiating ongoing service, utility, or maintenance contracts
3. Purchasing capital equipment (7** account numbers)

Small purchase orders are printed and distributed by the Finance Department to each department in pre-numbered lots. Each department utilizing small purchase orders should maintain a log containing the department, the small purchase order number, the date of issuance, the vendor, the amount, and the employee using the small purchase order. This log must be returned to the Finance Department with all small purchase order numbers accounted for prior to receiving additional lots of small purchase orders. Instructions for issuing small purchase orders is as follows:

Step 1 – A purchase requisition is not required to make small, ordinary purchases. A small purchase order form should be obtained from the department supervisor. An entry in the small purchase order log should include the department, the small purchase order number, the date of issuance, the vendor, the amount, and the employee using the small purchase order.

Step 2 - A three-part, pre-numbered small purchase order form should be completed in its entirety including appropriate signatures.

Step 3 – The original (white) form should be given to the vendor. The yellow copy should be attached to the invoice, packing slip, bill of lading and/or receiving report and forwarded to the Finance Department. The purchasing department should retain the pink copy. This form is not required to purchase under a blanket purchase order.

D. An emergency purchase order is intended for use to purchase supplies or services needed to resolve a situation which could not have been reasonably foreseen and the continuance of which could be hazardous or would constitute a serious interruption of a City operation. Emergency purchase orders are NOT intended for the purchase of non-emergency supplies or services. The Finance Department must approve all emergency purchase orders. The use of emergency purchase orders should be held to an absolute minimum. Requisitions are not required for emergency purchase orders.

An emergency purchase order is obtained using the following steps:

Step 1 – The purchasing department must call the Finance Department to obtain an emergency purchase order number. The purchasing department must provide the same information that would go onto a regular purchase order. This is for EMERGENCIES only. A purchase requisition may be entered by the department if feasible, but is not required.

Step 2 – The Finance Department will issue a purchase order to the purchasing department in order to make the purchase.

Step 3 – The purchasing department orders the goods or services. All invoices are to be sent to the City Hall address.

E. Petty cash may be used to make purchases of under \$20. Petty cash is not intended for the frequent purchase of minor supplies or other purchases where another authorized purchasing method could be used. Approval is required by the Supervisor or higher (Department Head discretion), and must be signed out from the petty cash custodian **prior** to making the purchase. A receipt is required for all petty cash purchases; all receipts must be signed by the Department Head.

Departments must obtain Finance Department approval to have and maintain a Petty cash fund. The Finance Department must authorize any increases or decreases to a department's petty cash.

Starting cash drawer money is NOT considered petty cash and should NOT be used to make any purchases. If a petty cash fund is desired, it must be requested and approved by the Finance Department. Petty cash should not be used for:

1. Travel and training (see travel and training policy)
2. Purchases where the City has a credit account
3. Employee reimbursements

Step 1 – The Supervisor or higher should authorize any petty cash purchase **prior** to the purchase. The purchase shall not exceed \$20 or the department will be required to fill out the appropriate purchasing form.

Step 2 – The petty cash custodian will issue the appropriate amount of money to the purchasing agent. The purchasing agent and the petty cash custodian should sign a slip indicating the amount withdrawn.

Step 3 – After the purchase has been made, the Department Head or the individual responsible for preparing and managing the activity's budget should stamp the purchase receipt with the approval for payment stamp, sign, and date.

Step 4 – The purchasing agent should return the stamped and signed receipt of purchase and any change to the petty cash custodian. The petty cash slip should be completed in its entirety. The petty cash custodian should attach the petty cash slip to the receipt of purchase.

Step 5 – The Finance Department will reimburse the petty cash funds when they turn in their receipts and reconciliation forms. Reconciliation forms should be completed and submitted with receipts at least once every two months or more frequently if necessary.

F. Certain exceptions to the above purchasing methods are as follows:

1. Gasoline credit card purchases
2. Beer escrow purchases
3. Payments for contracted rents and leases (PO required before entering into such an agreement)
4. Utilities and long-term service or maintenance contracts (PO required before entering into such an agreement)
5. Travel and training (See travel and training policy)/Employee reimbursements
6. Subscription, Dues, and Membership renewals (PO required before initiating a new service)
7. Damage claims submitted by Alternative Service Concepts
8. Certain budgeted contributions to outside agencies
9. Property acquisitions through City Attorney
10. Contracts and purchases approved by City Council (PO is optional)

Unless listed above, all purchases require some form of purchase order number.

III. Informal and Formal Bidding

A. Informal Quotation Process (informal)

1. The purchase of any goods or services with a total value between \$750 and \$10,000 requires at least three verbal quotes and the quotes received must be documented on a "Verbal Quotes Recording Sheet", as attached to this policy. These quotations can be either telephone quotations or from a suppliers catalog. After recording all three quotes, reviewing the prices and determining the low bidder who has met the requirements subject to the Local Preference provisions outlined in Section I L. of this policy, the employee may prepare the requisition.

- Only the original "Verbal Quotes Recording Sheet" is acceptable as an attachment to the PO request.
- When obtaining verbal quotations, you are subject to certain legal constraints:
 - a. Do not reveal one vendor's price to another until the purchase order has been approved.
 - b. Do not ask a vendor to revise the price once it is given. (However, should a vendor call back before you have completed the verbal quotation process requesting to revise the price, you may accept the new price.)
- A "No Bid" is not considered a bid when obtaining verbal quotations. Three prices are to be obtained. If after contacting 6 or more vendors, a purchaser is unable to obtain the 3 required quotes, the purchaser may document the vendors contacted and proceed with the process noted above. The City Manager and Finance Department always reserve the right to review each verbal quotation, obtain additional bids if deemed necessary, and verify prices with the named vendors.
- Reasons for not accepting the low quote should be fully explained on the requisition form.

2. The purchase of any goods or services whose total value is between \$10,000 and \$47,000 shall require three competitive written quotations. A copy of each bid must be attached to the PO. Written quotes can be accepted in a variety of different mediums, but must clearly identify the vendor information associated with the pricing (IE: email, fax, internet pricing list, traditional catalog price lists, brochures, flyers). Pricing should include all applicable charges and shipping/handling fees. Purchases must also meet the following requirements:

- a. For public improvements including highway, bridge, or culvert work, which qualify under Chapter 26 of the Code of Iowa, the contractor must provide a performance and payment bond for a public improvement project of more than \$25,000.
 - b. City Manager shall seek City Council approval for purchases that have not been authorized in the Adopted Budget.
- A "No Bid" is not considered a bid when obtaining written quotations. Three prices are to be obtained and submitted in writing. If after contacting 6 or more vendors, a purchaser is unable to obtain the 3 required quotes, the purchaser may document the vendors contacted and proceed with the process noted above. The City Manager and Finance Department always reserve the right to review each verbal quotation, obtain additional bids if deemed necessary, and verify prices with the named vendors.

- Lowest responsible quote will be chosen subject to the Local Preference provisions outlined in Section I L. of this policy. Reasons for not accepting the low quote should be fully explained on the requisition form.

B. Competitive Bidding Process (semi-formal)

1. The purchase of any goods or services with an estimated value greater than \$47,000, or public improvements which qualify under Chapter 26 of the Code of Iowa with an estimated value between \$47,000 and \$135,000, EXCLUDING improvements for highway, bridge, or culvert work (see III-C.), shall require the taking of competitive bids based on written bid specifications.

All bid documents shall receive prior approval from the City Manager or his designee. All amendments to bid specifications shall be made in writing. In the event it is deemed necessary to verbally inform a vendor of a bid specification change, such verbal communications shall be immediately followed up with written confirmation of the change. A notice to bidders may be published in an authorized publication but is not required.

The written bid documents will include the time, place, and manner for filing quotations, which may be received by mail, fax, or e-mail.

A report outlining all bids received, including the vendor names and the amount of the bids shall be submitted. If the bid is being awarded to a vendor other than the low bidder, the report shall also state why the bid is not being awarded to the low bidder. The report shall also include the amount budgeted for this purchase. The City Manager shall solicit City Council approval of all *semi-formal* bids, contracts, and purchases.

Purchases for public improvements qualifying under Chapter 26 of the Code of Iowa that are between \$47,000 and \$135,000 also require that the contractor provide a performance and payment bond.

C. Formal Bidding (formal)

1. Purchases for public improvements qualifying under Chapter 26 of the Code of Iowa that are in excess of \$135,000 or are public improvements for highway, bridge, or culvert work that are in excess of \$47,000 must use formal bidding as defined by Chapter 26 of the Code of Iowa unless the improvements are declared *emergency repair work*.

2. Formal bids must be taken with the cooperation of the City Manager and the City Clerk using the following steps:

3. Detailed and written plans and specifications and a detailed cost estimate must be prepared for the public improvement project, approved by the City Manager, and placed on file with the City Clerk's office.

4. A notice to bidders must be posted in the following places:

- a. A relevant contractor plan room with statewide circulation
- b. A relevant construction lead generating service with statewide circulation
- c. An Internet site sponsored by either a governmental entity or a statewide association that represents the governmental entity.

- d. Notices must include:
- 1) Time and place for filing sealed proposals
 - 2) Time and place sealed proposals will be opened and considered on behalf of the governing body
 - 3) The general nature of the public improvements on which bids are being requested
 - 4) In general terms, when the work must be commenced and when it must be completed
 - 5) Bid security and bid bond requirements
5. A notice of public hearing on plans, specifications, form of contract, and cost estimate must be published by the City Clerk not less than 4 days but not more than 20 days before the public hearing.
6. A public hearing on plans, specifications, form of contract, and cost estimate on published date by the City Council
7. City Council passes or rejects resolutions to adopt plans, specifications, form of contract, and estimate of cost.
8. A formal opening and announcement of sealed bids on published date by the City Manager or designee and the City Clerk; review, consideration, and recommendation of bid award by City Manager or designee; City Manager or designee prepares report of bids received
9. City Council receives City Manager report of bids received.
10. City Council passes or rejects resolution to award construction contract and bonds with the lowest responsive, responsible bidder who has met all bid security and bond requirements.

D. Contract Administration

1. The City Manager or his designee will advertise and bid all contracts qualifying for formal bidding procedures. The City Manager or his designee will oversee receiving, opening, and announcing all formal bids. Bids received late will be immediately returned to the late bidder unopened.
2. Formal bid contracts will be executed by the Mayor and attested to by the City Clerk. The City Manager or his designee shall execute all other contracts on behalf of the City as permitted by State law. Copies of all contracts should be forwarded to the City Clerk's Office.
3. The City Manager or his designee will administer all contracts on the authority of the City Council.
4. The City Manager or his designee will approve all change orders to contracts. City Council must approve all change orders greater than 10% of original contract amount.
5. Where appropriate, retainage shall be withheld on contracts for public improvements as provided for by State law or on other contracts as deemed appropriate or necessary. Retainage on a contract may not exceed 5% of the cost of the public improvement. An application by a contractor for early release of a retainage requires City Council consideration and approval.
6. The final acceptance, the final contractor payment, and the release of retainage

authorization (unless early release applied for) of a formal bid contract shall be approved by City Council in one action.

7. *Emergency Repair Work* is declared via resolution by the City Council and a certificate from an external, registered, professional engineer certifying that the emergency repairs are necessary. If declared by City Council, semi-formal procedures may be used in place of formal procedures as prescribed by State code.

E. Miscellaneous

1. Contracting for professional services (legal, engineering, etc.) or for ongoing technical services (maintenance, utilities, etc.) may be done on a negotiated basis. Where practical, however, those vendors providing such services should be asked to submit formal proposals to provide the services requested. Such proposals shall be evaluated on the basis of the vendor's reputation, experience, and understanding of the work to be done. Price, while being a factor, should not be the primary factor. City Manager and City Council authorization or affirmation is still required at the same dollar limitations as semi-formal (greater than \$47,000) or formal bid contracts.

2. All purchases involving a sole source bid (no competitive bids) where competitive bids are required shall be accompanied by written justification from the Department Head detailing the reason for a sole source purchase.

3. Bids solicited by the United States of America or an agency thereof, the State of Iowa, Des Moines County, or another governmental unit may be used as a replacement to the bidding requirements unless bidding is required by the Code of Iowa, the City Council, or the City Manager. The availability of a bid from another government agency does not preclude the City from seeking and obtaining bids in a manner provided through this policy.

4. All purchases funded through a State or Federal grant must follow all additional procedures required by the grantor. All bid specifications for a purchase that is funded through a State or a Federal grant must list all additional specifications for the goods or services that are required by the grantor. Contractors must be evaluated when the bids are received on their ability to meet these State or Federal requirements. In addition, no purchases to be covered by the grant can be made prior to the execution of the grant agreement unless approved by the grantor.

5. Purchase transactions for goods or services with a City employee (the employee, employee's spouse, or employee's business) are limited to \$1,500 per fiscal year per employee in total as per State law. Any transactions with an employee that will exceed this limit are required, as a minimum, to obtain at least three written quotations or conduct a semi-formal bidding process.

6. For any given purchase, due to the nature of the contract, the competitiveness of the vendors, or for other reasons, the department may choose to use the bidding procedures for a higher dollar threshold than which the purchase falls under. The department may not, however, select bidding procedures for a lower dollar threshold than what is prescribed.

7. Under emergency operating conditions the City Manager will obligate the City for necessary expenditures subject to a report to the City Council at its next scheduled meeting.

VERBAL QUOTES RECORDING SHEET

For Purchases of \$750 up to \$9,999

MUST COMPLETE THIS FORM PRIOR TO REQUESTING PO

Additional sheets can be attached if needed

PO must be requested before purchase

PRICE INFORMATION WAS REQUESTED FOR THE FOLLOWING ITEMS:

PRODUCT NAME	ADDITIONAL DESCRIPTION	QUANTITY

#1 VENDOR NAME	CONTACT NAME & PHONE NO.	BID AMOUNT	Check box to winning Bidder
			<input type="checkbox"/>

#2 VENDOR NAME	CONTACT NAME & PHONE NO.	BID AMOUNT	
			<input type="checkbox"/>

#3 VENDOR NAME	CONTACT NAME & PHONE NO.	BID AMOUNT	
			<input type="checkbox"/>

I certify that the above bids were obtained in accordance with the City of Burlington's Purchasing Policies and procedures and that the information above represents actual and accurate information received from the vendors named above for the items described above.

Employee Signature

Date