

# Agenda Report

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February 17, 2014 City Council Meeting

February 3, 2014  
Item No. 7

## **ISSUE: Approving Updates to the City's Purchasing Policy**

### **BACKGROUND:**

Attached is the proposal revising the City of Windsor Heights purchasing policy as recommended by the Policy and Administration Committee. The previous purchase policy was approved by the City Council in July 2010. The recommended revisions allow for a slight increase in the allowable purchasing amount before sealed bids are required. Currently any purchases over \$5,000 requires sealed bids. The proposal recommended by the P & A Committee seeks to increase this to \$7,500. In certain circumstances this will allow staff to expedite projects in a timelier manner, such as storm sewer and sanitary sewer upgrades. All other requirements within the policy are left unchanged. Additionally all language regarding the CFO is being replaced with the Accounting Clerk.

### **RECOMMENDATION:**

The Policy and Administration Committee recommends the updated changes to the current policy.

### **STAFF CONTACTS:**

Jeffrey A. Fiegenschuh, City Administrator  
Diana Willits, Mayor

**CITY OF WINDSOR HEIGHTS, IOWA**

**RESOLUTION NUMBER 14-0203**

**A RESOLUTION APPROVING THE CITY OF WINDSOR HEIGHTS PURCHASING POLICY**

**WHEREAS**, the City of Windsor Heights, Polk County, State of Iowa is a duly organized municipal organization; AND,

**WHEREAS**, The City strives to provide superior municipal services at the lowest cost possible; AND,

**WHEREAS**, the City wishes to adopt an updated administrative policy regarding City purchasing to further ensure that the public's money is spent in a prudent and lawful manner; AND,

**NOW THEREFORE BE IT RESOLVED** by the City of Windsor Heights City Council in session this 17<sup>th</sup> day of February, 2014 that it hereby adopts this revised purchasing policy regarding all purchases made by the City and that this policy shall be effective upon passage.

**PASSED AND APPROVED THIS 17<sup>th</sup> DAY OF February 2014.**

\_\_\_\_\_  
Diana Willits, Mayor

ATTEST:

\_\_\_\_\_  
Jeff Fiegenschuh, City Administrator/Clerk

**PURCHASING POLICY AND PROCEDURES MANUAL**  
**CITY OF WINDSOR HEIGHTS, IOWA**  
**February, 2014**

**INTRODUCTION**

The Purchasing Policy and Procedures Manual were developed to explain the purchasing system used by the City of Windsor Heights for non-public improvement projects, as defined by Iowa Code Chapter 26. The manual will outline the responsibilities and duties of the City Council, City Administrator, Accounting Clerk and the user departments. The manual will first explain the policies that guide the purchasing process. The policies seldom change and provide the governing principles and courses of action to follow. The detailed procedures and instructional statements will be presented after the policies. In general, the purchasing system used by the City is not centralized. This means that user departments independently purchase items needed for their operations. The City does not have a central purchasing department to buy items in bulk for storage until needed by the user departments.

The intent of the Windsor Heights 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. Business transactions between the City and City officials or employees are prohibited. Additionally, “related-party” transactions are also prohibited.

This manual is applicable to all operating departments.

**POLICIES**

**1. COUNCIL AND STAFF ROLES**

In the City of Windsor Heights, departments work independently when making purchases. If the proposed purchase is greater than \$7,500, departments work with the City Administrator, Accounting Clerk, City Engineer or contractor to determine the acceptability of materials, supplies, or services provided and will follow the procedures outlined in this policy. The Accounting Clerk reviews all invoices for materials, supplies or services prior to payment. Any purchases that qualify as a public improvement, as defined by Iowa Code Chapter 26 (for public improvement projects exceeding \$45,000) are subject to separate regulations; the guidance set forth in this policy should not be applicable to such projects.

## **2. IOWA PREFERENCE GIVEN**

By virtue of statutory authority, preference will be given to products and provisions grown and produced within the State of Iowa. The department supervisors shall make every effort to support Iowa products when making a purchase. Tied responses to solicitations, regardless of the type of solicitation, shall be decided in favor of the Iowa products.

### **Iowa Code, Chapter 73.1, Preference Authorized:**

“Every...city, and every person acting as contracting or purchasing agent for any such...governing body shall use only those products and provision grown and coal produced within the state of Iowa, when they are found in marketable quantities in the state and are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states...”

For purchases over \$7,500, if a Windsor Heights-based company’s bid is within 5% of the low-bid and all other specifications of the request for proposal are met by both companies; the city council may award the contract to the Windsor Heights-based company.

## **3. COOPERATIVE PURCHASING**

The City may initiate or participate with other governmental bodies, including the State of Iowa, in cooperative purchasing. This may take place either through the use of the Iowa Code Chapter 28E for intergovernmental agreements or utilization of a contract clause. This would allow a legal purchase at the cost designated in another entity’s contract, in the best interest of the City, notwithstanding any provisions of this manual to the contrary. Utilization of existing state or federal government contracts would satisfy bidding and quotation procedures under this policy.

All legally binding contracts that are entered into on behalf of the City, in which the contract requires the City to commit to a purchase of more than \$7,500, must be approved by City Council prior to entering the contract. Once the contract is approved, expenses under the contract provisions do not require purchase orders.

## **4. COMPETITIVE PROPOSAL REQUIREMENTS**

All purchases of, and contracts for, supplies and contractual services, for an estimated cost greater than \$7,500 or more, except as specifically provided herein, shall be based on competitive proposals. Utilization of a State or Federal bid contract satisfies the competitive proposal requirements. Staff review of posted or advertised prices can also be used to satisfy the competitive proposal requirements. Additionally, review of prices paid by other government entities for comparable product or services can be used to satisfy the competitive proposal requirement.

All requests for proposals for materials, products, supplies, provisions, and other needed articles and services to be purchased at public expense shall not knowingly be written in such a way as to exclude any company capable of filling the needs of the purchasing entity from submitting a responsive proposal. Whether or not stated in the Request for Proposal, the City may consider life cycle costing analysis, and may give weight to the value of standard facilities and equipment, in selecting a vendor.

Exceptions to the competitive proposal requirements include: professional services and professional service contracts, items costing under \$7,500, and emergency purchases. Also, competitive proposals for ordinary or reoccurring expenses shall be sought every two years. This includes items such as office supplies, cleaning supplies, concrete, asphalt, etc.

All purchases for light, medium and heavy equipment and vehicles which are budgeted for or not budgeted for shall go through the competitive bidding requirements of this policy.

A vote by the City Council exempting specific opportunities or conditions may be requested. Approval of an exemption of this requirement shall be a simple majority vote by the Council.

## **5. SALES TAX EXEMPTIONS**

Under Iowa Law, the City of Windsor Heights is exempt from tax in the case of sales of articles purchased for the City's exclusive use. Additionally, the Accounting Clerk will require the proper documentation from certain vendors so that the City may apply for sales tax reimbursement or refund.

## **6. EMERGENCY EXEMPTIONS**

This policy may be circumvented if a situation arises that meets any of the following emergency procurement conditions:

1. the situation threatens public health, welfare or safety; or
2. there is a need to protect the health, welfare or safety of persons occupying or visiting a public improvement or property located adjacent to the public improvement; or
3. the department must act to preserve critical services or programs; or
4. the need is a result of events or circumstances not reasonably foreseeable.

In the event that any of these situations occur, purchases of emergency need items can be made without approvals required by this policy. At the conclusion of the situation, formal documentation will be required from staff participating in the event to outline the occurrence, and justify the expenditures made under the emergency exemption. These exemptions will be submitted to the Chief Financial Officer and if costs exceed \$5,000, to City Council for approval.

## **7. CHANGE ORDERS**

Change orders up to \$2,500 may be approved by the Accounting Clerk. Any change orders exceeding \$2,500, to a maximum of \$7,500, may be approved by the City Administrator. Change orders exceeding \$7,500 will require additional Council approval.

## **8. FORFEITED FUNDS**

The Comprehensive Crime Control Act of 1984 authorized federal officials to implement a national asset forfeiture program as a tool to target criminals and assist anti-crime measures. Part of this legislation authorized the sharing of forfeited funds with cooperating law enforcement agencies. The Department of Justice (DOJ) has since produced a *Guide to Equitable Sharing for State and Local Law Enforcement Agencies*, to serve to promote and maintain the integrity of the equitable sharing program so that it can continue to merit public confidence and support. This guide sets forth specific regulations as prescribed by federal law, and in accordance with the Office of the Attorney General, that assures the legal transfer of property and seized assets in matters of administrative or judicial forfeiture. The sole responsibility for administration, regulation, and reporting of this program within local jurisdictions lies with the chief law enforcement officer of that jurisdiction. For the City of Windsor Heights, this official shall be the Chief of Police.

The following expenses are generally approved for expenditure of forfeiture funds by the Department of Justice: law enforcement investigations, law enforcement training, law enforcement and detention facilities, law enforcement equipment, law enforcement travel and transportation, law enforcement awards and memorials, drug and gang education and awareness programs, matching funds for federal law enforcement grants, pro rata funding for multi-agency items or facilities, asset accounting and tracking of forfeiture funds, language assistance services for law enforcement activities, transfers to other law enforcement agencies, and support of community-based programs with a law enforcement initiative.

In general, priority shall be given to supporting community policing activities, training, and law enforcement operations. Preapproval from the Department of Justice of a listed expenditure may be required. All forfeiture expenditures must be approved by the Windsor Heights Chief of Police and submitted to the Chief Financial Officer.

**APPENDIX A**  
**PURCHASING PROCEDURES FOR DEPARTMENTAL BUDGET ITEMS**

1. For all purchases verify that the item is a budgeted item for your Department.
2. Petty Cash Purchases  
Petty cash is used for vendors that the City does not already have an account set up for. Receipts with the employee's signature must be submitted to the Accounting Clerk promptly for payment.
3. Determine the process necessary for all your budgeted item purchases:

\$1,000 & Under	Retain receipt & turn in for Department approval for all purchases
\$1,001 - \$3,999	3 verbal quotes <u>before</u> purchase
\$4,000 - \$7,500	3 written quotes <u>before</u> purchase
Over \$7,500	Sealed bids, requires City Council approval before purchase is made.
4. Responsibility for purchases within each department rests with the Department Supervisor.
  - a. If the Department Supervisor chooses to designate approval authority for purchasing, the employee must sign the receipt and return it to the Department Supervisor for signature and correct account coding before it is provided to the Accounting Clerk.
  - b. Departments are responsible for submitting their invoices to the Accounting Clerk in a timely fashion as to avoid late fees or penalties from vendors.
5. Departments are not to separate purchases for the purpose of circumventing financial guidelines.
6. All items submitted for payment, regardless of cost, should be coded to an appropriate general ledger account. If the cost of a purchased item is to be split between departments, both or all of the Department Supervisors need to approve and initial the invoice and provide the appropriate account coding.
7. All purchases over \$500.00 are reviewed and signed by the Accounting Clerk, unless the Accounting Clerk is making the purchase, in which case the purchase must be approved by the City Administrator.
8. The City Administrator and Accounting Clerk are responsible for insuring that departments adhere to this policy.
9. Repeated failure to follow the above guidelines by any individual will be reported to the City Administrator or appropriate department head and will be subject to disciplinary action if violations persist.

## PROCEDURES FOR OBTAINING COMPETITIVE QUOTES/PROPOSALS

### **\$1,001 - \$3,999**

The employee requesting a purchase in this range must compile three verbal quotes. Telephone quotations are acceptable for these purchases. After writing down all three quotes, reviewing the prices and determining the low bidder who has met the requirements, the employee may attach the quotes to the bill for payment. Attach the list to the requisition and forward them to the Chief Financial Officer.

When obtaining telephone 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 telephone quotation process requesting to revise the price, you may accept the new price.)

A "No Bid" is not considered a bid when obtaining telephone quotations. Three prices are to be obtained and submitted in writing to the City Clerk's Office. 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 Chief Financial Officer always reserve the right to review each telephone quotation, obtain additional bids if deemed necessary, and verify prices with the named vendors.

The telephone quotation only identifies the lowest bidder meeting specifications. Authority to place an order is given once the appropriate signatures have been secured.

NOTE: In some instances, verbal quotes may not be available from the vendors. In lieu of obtaining verbal quotes, written quotes may be obtained for items in this category. See the next section for discussion of acceptable written quote mediums.

### **\$4,000-\$7,500**

Items \$4,000 to \$7,500 may be awarded by means of informal competitive bidding. All informal competitive bidding purchases in excess of \$4,000 shall be based on at least three competitive written quotes, and shall be awarded to the lowest responsible bidder in accordance with the standards set forth in this policy.

All informal competitive bids shall be obtained by the Department Supervisor or designee by any of the written mediums discussed below and the Department shall maintain documents prescribed by the Accounting Clerk on all such transactions, and such records shall be open to the public for inspection. The written quotation only identifies the lowest bidder meeting specifications, subject to the Windsor Heights-based company provisions outlined in Section 2 of this policy. Authority to place an order is given once the appropriate signatures have been secured.

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 Accounting Clerk reserves the right to review each quotation, obtain additional bids if deemed necessary, and verify prices with the named vendors.

Written quotes can be accepted in a variety of different mediums, but must clearly identify the vendor information associated with the pricing (IE: federal tax id#, email, fax, internet pricing lists, traditional catalog price lists, brochures, flyers). Pricing should include all applicable charges and shipping/handling fees.

**Above \$7,500**

Approval for purchases expected to exceed \$7,500 will follow a competitive proposal process as outlined in Section 4 of this policy. The item to be purchased must be approved by the Department Supervisor and the Accounting Clerk. Once bidding has been completed, the results will be submitted to City Council for final approval before the purchase is completed.

Whenever practical, purchases expected to exceed \$7,500 must have a minimum of three prospective bidders and shall be bid on by formal written bid form. After due notice is given, the lowest responsible bidder will be chosen, subject to the Windsor Heights-based company provisions outlined in Section 2 of this policy.

# Verbal Quotation Form

## For:

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Quotations Received from:

Vendor	Contact Name and Number	Price

Vendor	Contact Name and Number	Price

Vendor	Contact Name and Number	Price

Vendor	Contact Name and Number	Price

Vendor	Contact Name and Number	Price

Vendor	Contact Name and Number	Price

When obtaining quotations either in person or by phone, you are subject to certain legal constraints:

- Do not reveal one vendor's price to another.
- Do not ask a vendor to revise the price once it is given.

Three quotes are required unless you have contacted six vendors and are unable to obtain three quotes. If a vendor desires to submit a written quote, the written quote is acceptable and may be attached to this form.

Circle the selected vendor and turn this form into Accounts Payable to be attached to the invoice when paid.

\_\_\_\_\_  
Signature of Employee Obtaining Quotations

\_\_\_\_\_  
Date

# Written Quotation Form

## For:

Additional requirements/specifications may be included on the back of this sheet.

Quotations Received from:

Vendor	Contact Name	Price
Address	Phone/Fax/E-mail	
Federal Tax Identification Number:		

Please address questions to and return quotations to:

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