

PURCHASING POLICY

CITY OF PARKVILLE

Policy Title:	Purchasing Policy		
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I. PURPOSE

The purpose of this policy is to broadly define procurement procedures to follow based on the type of good or service being acquired. Due to the varied practices and requirements associated with many City purchases, it is not possible to encapsulate each requirement within a single policy. Since the procurement process varies based on the type of purchase, the following general principles shall apply whenever feasible. By a majority vote, the Board of Aldermen may deviate from the purchasing policy to address unique circumstances for which certain provisions of the policy may be infeasible.

Fundamental Principles. There are fundamental principles which should be observed when purchases of goods and services are made on behalf of the City. Generally, a good or service should be obtained at the lowest cost, consistent with the quality required to maintain efficient operations of the City. The quantity of goods purchased is determined through an examination of factors such as the number of units to be used, the period of use, space available, acquisition price, volume discounts, shipping time, obsolescence, and present and expected future availability of an item.

Acquisition of Goods and Services. The acquisition of goods and services by or on behalf of the City of Parkville, its agencies, departments, officials, and authorized agents, should be made in a manner and method which provides for the prudent expenditure of City funds; provides for maximum protection of the taxpayer; prevents waste, conflict, and impropriety; provides for equal access and opportunity in an open and competitive environment to all suppliers, with regard to factors related to quality, cost, and availability of the goods and services; and which comply with all applicable federal, state, and local laws, rules, and regulations.

II. GENERAL REQUIREMENTS

A. Annual Budget Approvals: The Board of Aldermen determines expenditure levels through the formulation and approval of the annual budget. In performing this policy-making function, the Board of Aldermen establishes a set of goals, priorities and performance standards to which the City organization directs its collective effort toward accomplishing. The adoption of the annual budget is the approval of a level of expenditures necessary to accomplish the goals and objectives that have been established for each City program.

B. Board of Aldermen Authority: Changes in the purchasing policy will only be made with the approval of the Board of Aldermen.

- C. City Administrator Authority:** The City Administrator is delegated the responsibility by the Board of Aldermen to carry out a program of services to the community. It is the City Administrator's responsibility to manage the annual budget in such a way that the goals and priorities of the Board of Aldermen are accomplished. Under this system of control, the City Administrator has delegated this responsibility and authority to respective Department Heads. The City Administrator may also approve administrative policies to supplement this Purchasing Policy.
- D. Department Head Authority:** Department Heads are responsible for meeting the goals and objectives established by the City Administrator and Board of Aldermen and are provided budgeted funds to attain those goals. Each Department Head has the responsibility and authority to make certain that purchases are within the scope of the adopted budget.
- E. Self-imposed Constraints.** Although the budget establishes levels of expenditure for each program, an appropriation is not a permit nor a directive to expend funds, unless the need for the product continues to exist at the time of purchase and the price of the product is within the parameters of the budget. In addition, these criteria must be ultimately weighed against the availability of funds and the relationship of the department goals to overall City priorities.
- F. Familiarity with Policy.** All personnel of the City responsible for purchases shall become familiar with and follow the City's policies and procedures as they relate to purchasing. Supervisors shall be cognizant of their respective budget limitations and initiate purchases accordingly. It is the responsibility of the individual departments to anticipate requirements and initiate action to purchase goods and services in advance of the time that they are needed.
- G. Local Preference.** It is the City's intention to purchase from local suppliers, within reason, as it selects the best and most reasonably priced source for each transaction. The local residence of a supplier may be a factor considered in selecting among bidders on a purchase. It is the determination of the Board of Aldermen that, in certain instances, choosing a local supplier serves the valid public purpose of supporting local businesses that, among other attributes, pay taxes to the City.
- H. Fixed Assets.** Upon purchasing any tangible asset (property, plant, or equipment) each Department Head will consult with the City's Finance/Human Resources Director, or his/her designee, to determine whether such asset should be included in the City's ongoing fixed asset inventory. If so, a complete description of the asset being purchased and its value will be provided to the Finance Department for inclusion in the fixed asset inventory.
- I. Standard Documents.** The City has established the following standard purchasing document templates: work authorization, purchase order (with terms and conditions), purchase order for construction materials with a value of \$5,000 or less (with terms and conditions), professional services agreement, small construction contract for maintenance (with notice to bidders), small construction contract for new construction (with notice to bidders), and large construction contract (with sealed bids project manual). Section IV of this Purchasing Policy explains the appropriate purchasing document to use for each purchasing circumstance. The templates may be amended from time to time with approval from the City Administrator and City Attorney. An invoice and/or receipt is

required to process payment for all approved purchases, in addition to the applicable purchasing document.

III. PURCHASING AUTHORITY

- A. The City of Parkville Board of Aldermen has delegated the authority to make purchases as follows:
 - a. Department heads are authorized to approve expenditures up to \$1,000 provided that funds budgeted are equal to or greater than the cost of the item. The City Administrator is authorized to restrict departmental spending on an as-needed basis, such as in the event that revenues fail to meet annual budget projections.
 - b. The City Administrator is authorized to approve expenditures up to \$2,500 provided that funds budgeted are equal to or greater than the cost of the item. When submitted by a department head or other authorized staff, the request should be accompanied by a written recommendation to City Administrator.
 - c. The Finance/Audit Committee, as defined in Chapter 143 of the Parkville Municipal Code, is authorized to approve expenditures up to \$10,000. Each request shall include a staff recommendation with the relevant background information. A budget impact should be included with all requests. Each purchase must be approved by a four-fifths super majority of the Finance/Audit Committee or else be forwarded on to the Board of Aldermen for action.
 - d. The Finance/Audit Committee must make a recommendation to the Board of Aldermen for all purchases of more than \$10,000. The Finance/Audit Committee recommendation may be waived for time sensitivity or other special circumstances that warrant immediate action by the Board of Aldermen. The Board of Aldermen must approve all purchases of more than \$10,000. Each request shall include a staff recommendation with the relevant background information. A budget impact should be included with all requests.
- B. Projects may not be broken down into smaller projects for the purpose of exceeding purchasing authority.
- C. All purchases made by the City must be approved by the Board of Aldermen through majority approval of the Accounts Payable Report, generally on a bi-monthly basis at scheduled legislative meetings.

IV. PROCUREMENT REQUIREMENTS

A. Goods and Materials

- a. A minimum of three quotes are required, whenever this is possible, for any goods or materials costing more than \$250 and less than \$10,000. Quotes should be documented, whether the quote is received in writing or over the phone. Justification should be provided in writing to the purchasing authority if it is not possible to obtain three quotes.
- b. Sealed bids are required for all purchases of goods and materials with a total value exceeding \$10,000.
 - i. A Notice to Bidders for the purchase of goods and materials totaling more than \$10,000 shall be advertised to all known local and other prospective and qualified bidders and shall be posted on the City's official website.
 - ii. The City Clerk, or authorized City personnel, shall open all sealed bids and read them aloud in the presence of at least one (1) witness. A bid tabulation of all bids received will be on file in the

- City Clerk's Office for public inspection.
 - iii. The Board of Aldermen shall award the bid to the lowest responsible bidder whose bid is in the best interest of the City.
 - iv. The City reserves the right to accept or reject any or all bids and to waive any provisions or technicalities therein.
 - v. The sealed bidding requirements may be waived by the Board of Aldermen in instances of sole source vendors, or in cases of emergency or other special circumstances.
- c. Purchases of goods and materials in excess of \$2,500 must be accompanied by a purchase order. Upon award, the appropriate Department Head shall complete the purchase order and forward an executed copy to the City Clerk's Office. Direct purchases for materials with a value of \$5,000 or less associated with construction projects must be accompanied by the purchase order for construction materials.
- d. Sole source utility purchases that are essential for day-to-day operations and subject to local, state and/or federal rate regulations (including but not limited to electricity, water, sewer, and gas) are exempt from the procurement requirements of this policy. The City Administrator, or his/her designee, is responsible to review all bills for accuracy before payment and to implement methods to control and reduce costs, to the extent practical. Payments must be approved by the Board of Aldermen through majority approval of the Accounts Payable Report.

B. Vehicles and Equipment

- a. A minimum of three quotes are required, whenever this is possible, for new vehicles and equipment costing more than \$250 and less than \$10,000. Quotes should be documented, whether the quote is received in writing or over the phone. Justification should be provided in writing to the purchasing authority if it is not possible to obtain three quotes.
- b. Sealed bids are required for all purchases of new vehicles and equipment with a total value exceeding \$10,000.
 - i. A Notice to Bidders shall be advertised to all known local and other prospective and qualified bidders and shall be posted on the City's official website.
 - ii. The City Clerk, or authorized City personnel, shall open all sealed bids and read them aloud in the presence of at least one (1) witness.
 - iii. A bid tabulation of all bids received will be on file in the City Clerk's Office for public inspection.
 - iv. Staff should consult with the State of Missouri and the Kansas City Regional Purchasing Cooperative (KCRPC) to determine if there are any state or regional cooperative purchasing contracts for the specified vehicle or equipment. If so, the state and/or KCRPC contract price should be included in the bid tabulation.
 - v. The Board of Aldermen shall award the bid to the lowest responsible bidder whose bid is in the best interest of the City.
 - vi. The City reserves the right to accept or reject any or all bids and to waive any provisions or technicalities therein.
 - vii. The sealed bidding requirements may be waived by the Board of Aldermen in instances of sole source vendors, or in cases of emergency or other special circumstances.
- c. For the purchase of used vehicles and equipment, staff shall attempt to obtain a minimum of three quotes for similar products that meet the minimum specifications of the required purchase. Staff may request advance approval from the applicable purchasing authority to expend up

to a maximum specified amount for a product meeting established specifications. Staff should research all available listings (internet advertisements, newspaper advertisements, local dealers, auctions, etc.) to find the best product to meet the need of the purchase at the lowest possible price.

- d. Vehicle and equipment purchases must be accompanied by a purchase order. Upon award, the appropriate Department Head shall complete the purchase order and forward an executed copy to the City Clerk's Office. Subject to approval by the City Attorney, a customized agreement may be substituted for the standard purchase order based on the requirements of the dealer or other vendor.

C. New Construction

- a. A minimum of three quotes are required, whenever this is possible, for new construction costing less than \$10,000. Quotes should be documented, whether the quote is received in writing or over the phone. Justification should be provided in writing to the purchasing authority if it is not possible to obtain three quotes.
- b. Sealed bids are required for all purchases of new construction with a total value exceeding \$10,000.
 - i. A Notice to Bidders shall be advertised to all known local and other prospective and qualified bidders and shall be posted on the City's official website.
 - ii. The City Clerk, or authorized City personnel, shall open all sealed bids and read them aloud in the presence of at least one (1) witness.
 - iii. A bid tabulation of all bids received will be on file in the City Clerk's Office for public inspection.
 - iv. The Board of Aldermen shall award the bid to the lowest responsible bidder whose bid is in the best interest of the City.
 - v. The City reserves the right to accept or reject any or all bids and to waive any provisions or technicalities therein.
 - vi. The sealed bidding requirements may be waived by the Board of Aldermen in instances of sole source vendors, or in cases of emergency or other special circumstances.
- c. When applicable, the City may furnish a sales tax exemption certificate number as supplied by the State of Missouri in accordance with state law.
- d. All new construction purchases in the amount of \$25,000 or less must be accompanied by a small construction contract. All new construction purchases in excess of \$25,000 must be accompanied by a large construction contract. The appropriate construction contract shall be made part of the sealed bid package and approved by the contractor prior to approval by the appropriate purchasing authority. Upon approval, the appropriate Department Head shall forward an executed copy of the construction contract to the City Clerk, along with any applicable attachments including the insurance certificate.

D. Maintenance or Repair

- a. A minimum of three quotes are required, whenever this is possible, for maintenance and repair work costing less than \$10,000. Quotes should be documented, whether the quote is received in writing or over the phone. Justification should be provided in writing to the purchasing authority if it is not possible to obtain three quotes.
- b. Sealed bids are required for all maintenance and repair purchases with a total value exceeding \$10,000.

- i. A Notice to Bidders shall be advertised to all known local and other prospective and qualified bidders and shall be posted on the City's official website.
 - ii. The City Clerk, or authorized City personnel, shall open all sealed bids and read them aloud in the presence of at least one (1) witness.
 - iii. A bid tabulation of all bids received will be on file in the City Clerk's Office for public inspection.
 - iv. The Board of Aldermen shall award the bid to the lowest responsible bidder whose bid is in the best interest of the City.
 - v. The City reserves the right to accept or reject any or all bids and to waive any provisions or technicalities therein.
 - vi. The sealed bidding requirements may be waived by the Board of Aldermen in instances of sole source vendors, or in cases of emergency or other special circumstances.
- c. Although quotes or sealed bids are desired to the extent possible, routine repairs and maintenance may be performed at pre-approved suppliers/shops. This is intended to address the impracticality, in some cases, of getting bids for work that might, for instance, require that engine parts be disassembled to determine the work that needs to be done, or where time constraints make obtaining bids impractical.
 - d. When applicable, the City may furnish a sales tax exemption certificate number as supplied by the State of Missouri in accordance with state law.
 - e. All maintenance and repair purchases in the amount of \$10,000 or less must be accompanied by a work authorization. All maintenance and repair purchases in excess of \$10,000 but less than \$25,000 must be accompanied by a small construction contract. All new construction purchases in excess of \$25,000 must be accompanied by a large construction contract. The appropriate purchasing document shall be made part of the sealed bid package and approved by the contractor prior to approval by the appropriate purchasing authority. Upon approval, the appropriate Department Head shall forward an executed copy of the work authorization or construction contract to the City Clerk, along with any applicable attachments including the insurance certificate.

E. Professional Services

- a. When the professional services fee shall not exceed \$10,000 the City Administrator, with input from appropriate City staff, may select a firm or individual based upon the particular firm's or individual's expertise, previous performance, competitive pricing, and readiness for the service requirement of the City.
- b. In the event the fees for professional services on any proposed matter are estimated to exceed \$10,000, a Request for Proposals (RFP) or Request for Qualifications (RFQ) process will be utilized and the following will apply:
 - i. The City will obtain necessary professional services on the basis of demonstrated competence and qualifications for the type of service needed at fair and reasonable prices.
 - ii. Prices shall not be the principal factor on which professional services are selected.
 - iii. Preference shall be given to qualified professional firms having a principal office within the Parkville city limits, recognizing the benefits to the local economy realized through spending local dollars locally. Preference may also be given to qualified professional firms that have demonstrated a commitment to the

community through membership in the Parkville Economic Development Council and/or Platte County Economic Development Council.

- iv. If the City and/or a private developer have invested time and money in a project for which a professional firm has already been involved in preliminary work, the Board of Aldermen may select that firm on the basis of City staff's recommendation or a developer's request, assuming a reasonable fee can be negotiated.
 - v. RFQs or RFPs will be advertised on the City's website and sent to interested firms.
 - vi. A selection committee reviews all proposals, conducts interviews (if needed), checks references (if needed), and makes a recommendation to the purchasing authority.
 - vii. Staff is authorized to negotiate a fee and scope of services with the preferred vendor as recommended by the selection committee. The scope and fee must be incorporated into a professional services agreement for review and approval by the relevant purchasing authority. If an agreement cannot be reached on the scope and fee, the purchasing authority may authorize staff to negotiate with the second choice of the selection committee, and so on, until a satisfactory agreement is negotiated.
- c. All professional services must be accompanied by a professional services agreement. Depending on the scope and nature of the project, and with City Attorney approval, a customized agreement may be substituted for the standard professional services agreement upon request of the vendor. Upon approval, the appropriate Department Head shall forward an executed copy of the professional services agreement to the City Clerk, along with any applicable attachments including the insurance certificate.

F. Emergencies

- a. An emergency is defined as any instance in which either the City's infrastructure or the City's citizens or their property are in jeopardy, and timeliness is crucial.
- b. The Mayor or City Administrator can approve up to \$10,000 for an emergency purchase when the expense will be charged to the City's sewer fund.
- c. The Mayor or City Administrator can approve up to \$5,000 for an emergency purchase when the expense will be charged to other than the City's sewer fund.
- d. The Mayor and the City Administrator may not combine spending authority for the purposes of increasing the amount that can be approved.
- e. As a courtesy, the City Administrator or Mayor will notify Board of his/her action, in writing, via the most expeditious method possible. This is not an approval step.
- f. To the extent possible, the City will enter into multi-year emergency services contracts for routine services such as plumbing, electricity, etc. in order to pre-establish labor and materials fees.
- g. If an existing emergency services contract does not exist for a required purchase, or the emergency services contractor cannot respond in a timely manner, staff shall attempt to obtain a minimum of three quotes from other providers if the process does not jeopardize the timeliness of addressing the emergency.
- h. In the absence of an existing emergency services contract, a work

authorization should be executed in advance of the emergency purchase. If a work authorization may not be executed in a timely manner, staff should attempt to document the scope and fee in writing with the contractor via email or an on-site.

V. DISPOSAL OF CITY ASSETS

- A. **Approval to Dispose of Assets.** The City Administrator or his/her designee shall give final approval in writing before any City asset is disposed of or transferred from a City Department.
- B. **Surplus Assets.** When an item no longer is needed by a City department, the respective Department Head should attempt to dispose of the item according to following steps, in priority order:
 - a. Redistribute the item within the City to another department.
 - b. Trade or sell the item "as is" through available markets approved by City Administrator, including but not limited to online or live auctions.
 - c. Give the item to another local governmental agency or local non-profit agency.
 - d. Items which are damaged or have a nominal value may be recycled or disposed as waste.
- C. **Limitations.** Any asset which, at the time of purchase, cost the City the amount of \$2,500 or more, must be declared surplus by the Board of Aldermen prior to disposal.
- D. **Prohibitions.** Under no circumstances will any employee, or family-member of an employee, have access to or ownership of any asset that is being disposed of in accordance with this policy unless such asset is being offered for sale to the general public and the process for such sale is open to any individual intending to proffer a bid on such asset.
- E. **Documents.** All documents will be disposed of in accordance with State policies governing the same. Any document which has, or appears to have, historical value will be separated for further examination.
- F. **Computing Technology.** Regardless of how computing equipment is disposed of, all data residing on any computer or other electronic storage device will be removed from the equipment prior to disposal.
- G. **Other Fixed Assets.** Prior to disposing of City assets, each Department Head will determine whether such asset is part of the City's ongoing fixed asset inventory. If so, a complete description of the asset being disposed of will be sent to the City's Finance/Human Resources Manager or his/her designee.