

CITY OF

HORTON, KANSAS

PURCHASING

MANUAL

FOREWORD

This Purchasing Manual has been prepared to provide departments within the City of Horton detailed explanations of our procurement operation by outlining our purchasing policies and procedures. Effective purchasing requires close cooperation between our Administrative Department and all city departments. Therefore, this manual is intended to improve understanding of our requirements and serve as a tool of the purchasing process.

Updates or modifications will be made as required, ensuring that this manual continues to provide the necessary information and guidelines each department of the municipality is expected to follow.

SECTION 1 – PURPOSE AND SCOPE

1.1 Purpose

The purpose of the adoption of this Purchasing Policy Manual is to serve as a guide to all city personnel, establishing authority, limits, and procedures relating to the purchase of materials, supplies, equipment or services by the City of Horton, Kansas.

The adherence to the policies set forth in this manual will:

- ensure the maximum purchasing value of public funds regarding procurement
- provide safeguards for maintaining a procurement and disposition system of quality and integrity.
- provide for effective purchasing functions that allow for the necessary business of our municipality to be accomplished in timely fashion.
- provide for fair and equitable treatment of all persons involved in public purchasing by the City of Horton, Kansas.

1.2 Scope

The scope of this manual applies to every disposition for value or expenditure of public funds by the City, irrespective of the source of the funds. When the procurement or disposition involves federal/state assistance or contract funds and is also subject to federal/state regulations, the procurement or disposition shall be conducted in accordance with any applicable mandatory federal/state laws or regulation that is not reflected in this article. Nothing in this policy manual shall prevent the City of Horton from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

Nothing in this manual shall prevent the City of Horton from using discretion in determining the lowest responsive and responsible bidder. Whereas a responsible bidder is a bidder whose reputation, past performance, and business and financial capabilities are such that they would be judged by the City to be capable of best satisfying the City's needs for a specific contract or purchase and a responsive bidder does not vary from the specifications and terms set out by the City.

SECTION 2 – ETHICS IN PURCHASING

2.1 Purchasing Records

While purchasing goods and services for the City, the procedures and guidelines, which are set forth in this policy manual, are to be strictly followed. All

purchasing related records must be retained by the City for the period prescribed in the Kansas State Statutes.

2.2 Endorsements

It is City policy not to endorse or in any way permit an employee's name or position, or the City's name to be used and advertised as supporting a specific product or vendor. Requests for references will be handled if received in writing and will be limited to actual performance as it relates to customer service, delivery, or product efficiency.

2.3 Personal Purchase

Purchases for employee's personal use by the City are prohibited.

SECTION 3 – GENERAL GUIDELINES

The general guidelines below should be considered administrative rules and are to be followed as closely as possible by all departments.

3.1 Local Buying

Whenever possible, purchases will be made from local vendors from Horton. This can be accomplished by ensuring that local vendors who have goods or services, which the City is in need of, are included in the competitive shopping process, which will precede most purchases. The City has a responsibility to its residents, however, to obtain the maximum value for each public dollar spent.

3.2 Planning

Planning for purchases should be conducted on both a long-term and short-term basis. Small orders and last minute purchases should be minimized, thereby increasing the capability of each department to purchase its goods and services in large quantities in order to obtain the maximum discounts available. Planning will also assist in the reduction of clerical and supervisory time spent in documenting and receipt of purchases. Remember – the purchasing process begins with the annual budget.

3.3 Taxes

The City is exempt from some local and state sales taxes or federal excise taxes. The City Clerk will provide the necessary exemption documents to any vendor, upon request. The City tax exempt number is 120-0973.

3.4 Public Access

Procurement information shall be a public record and shall be made available to citizens, vendors, or the media upon request.

3.5 Purchase of Recycled Materials

When economically feasible, the City is committed to the purchase of office supplies made of recycled materials.

3.6 Gift Acceptance

The City of Horton strictly prohibits the acceptance of any type of gift by all employees. Employees and appointed officials must not become obligated to any supplier/firm and shall not conduct any City purchasing transactions from which they may personally benefit.

SECTION 4 – SPECIAL PURCHASING PROCEDURES

4.1 Petty Cash

Petty cash funds are used to avoid the time and expense of issuing purchase orders for small purchases. The City has an established procedure for petty cash expenditures that are managed by the City Clerk.

4.2 Sole Source Procurement

If determined prior to procurement that only one source is available to supply a required material or service, the procurement may be authorized. Sole source procurement will not be used unless sufficient evidence can be documented that no other type of material or service will satisfy our requirements. Sole source procurement shall be avoided except when no reasonable alternative sources exist.

Departments submitting any purchase request for consideration as a sole source provider must include written documentation stating the basis or existence of a sole source condition.

4.3 Blanket Purchase Orders

Blanket purchase orders may be used for vendors from whom many routine purchases are made. They are established annually in lieu of issuing individual orders for each purchase. The City Administrator shall determine for which vendors blanket orders will be issued.

4.4 Request for Quotations

Departments may choose to use Request for Quotations to obtain price quotes for materials or services. This procedure is often used for detailed or multi-item purchases that are anticipated to fall below \$5,000 and are not required to be a contract purchase. Requests for quotations in no way bind the City to the purchase of items included, however, they are utilized as a purchasing tool to efficiently and accurately relay City needs to vendors and obtain the costs associated.

4.5 State of Kansas Contracts

It is the policy of the City of Horton to keep abreast of current State of Kansas contracts involving equipment and/or supplies that the municipality purchases.

Whenever possible and in the best interest of the City, it will be recommended that purchases of equipment or services be made from the above contracts, if current and handled through the competitive bid process. If the purchase cost is \$5,000 or higher, the City will present all pertinent information to City Commission requesting to waive the bidding process.

4.6 Emergency Purchases

Notwithstanding other procedures set forth in this manual, the City Administrator may authorize emergency purchases of supplies or services when necessary if delay could cause threat to public health, welfare, safety, or injure the City financially or otherwise. Such emergency procurements will be made with competition if practical for the circumstances. A written determination of the basis for the emergency and selection of a certain vendor shall be included in the contract file and, when necessary, provided to City Commission at the earliest possible time.

SECTION 5 – PURCHASE REQUISITIONS, PURCHASE ORDERS AND CHECK REQUESTS

5.1 Purchase Requisitions

A. Purpose

The purchase requisition establishes the need and provides justification of any equipment or services by each department of the municipality. The purchase requisition should be completed in its entirety to include justification, suggested suppliers, quantity, specifications, the account code for funding, vendor number when applicable, shipping details, and pricing.

B. Limitations

The purchase requisition is not an order for the goods specified. It is a purchasing tool utilized to ensure approval of the purchase by necessary staff, which includes the department head and City Administrator. The purchase requisition is originated by the department head.

Purchase requisitions should be accompanied by supporting documentation when available and a minimum of three price quotes.

Purchases of \$5,000 are not initially processed by purchase requisition. If the value is expected to be more than \$5,000, the competitive bidding process must be used. See Contracts, Section 6 of this manual.

5.2 Purchase Orders

A purchase order is an official and binding City of Horton contract/order for equipment or supplies. It is authorized following the full approval of a purchase request. The purchase order will reflect information derived from the purchase requisition and authorizes the vendor to proceed with the provision of items or services outlined.

Since the purchase order is a reflection of the purchase requisition, it also is limited to a total of under \$5,000 unless a contract recommendation regarding a purchase has been approved by City Commission.

5.3 Check Requests

A. The City of Horton minimizes the use of check requests for purchases. To meet the City's needs when vendors do not honor purchase orders or lack procedures for invoicing, a check request is our only solution. Examples of the latter may include, training sessions, travel expenses, or conference reservations, refunds, service fees, memberships, dues, publications, payroll taxes, insurance premiums, and postage.

5.4 Prohibited Budgetary Actions

No obligations shall be made by any officer/employee of the City except in accordance with the procedures outlined in this manual and with the written approval of the City Administrator or designee. Any employee making an unauthorized obligation may incur a personal liability and may be subject to removal from City employment.

SECTION 6 – CONTRACT/SEALED BIDDING

6.1 Request for Proposal (RFP)

The Request for Proposal method may be utilized when determined by the City Administrator that the use of a contract/sealed bid process is either not practical or not in the best interest of the city. The determination to use a RFP may be made if it is necessary to:

- A. use a contract other than a fixed price type
- B. conduct oral or written discussions with vendors concerning technical and price aspects of their proposals
- C. afford vendors the opportunity to revise their proposals
- D. compare the different price, quantity, and contractual factors of the proposals submitted
- E. award a contract in which price is not the determining factor
- F. select a vendor based on the overall proposal when the municipality is unable to draft specifications in sufficient detail due to its professional nature

6.2 Criteria/Evaluation Factors

- A. The RFP must indicate the relative importance of price and other evaluation factors.
- B. Vendors may designate trade secrets, proprietary information, or special provisions as part of their proposal that are specific to their proposal.

6.3 Contracts

All purchases for goods or services equal to or expected to exceed \$5,000 must be fulfilled through contract development and a request for sealed bids.

- A. The development of a contract requires that contract documents be prepared. These documents should always do the following:
 - Identify minimum requirements
 - Allow for a competitive bid
 - Be capable of objective review
 - Provide for an equitable award at the lowest possible cost
 - Establish time for delivery of goods or service
 - Provide a pre-determined date and time of bid openings
 - Establish criteria for award
- B. The preparation of the contract is initially the responsibility of the department requiring the equipment or services. The City Administrator will assist in this process and evaluate all contracts prior to advertising to ensure that general provisions, bond documents and the overall contract

package is consistent with City procedures. Contracts shall include, but not be limited to, the following:

- Notice of Letting
- General Provisions
- Technical Specifications
- Proposal
- Bond to Accompany Proposal

- C. The City is required to publicly advertise and include in the contract documents a Notice of Letting which highlights the contract number, purpose, date and time of bid opening and information on obtaining the contract documents.

6.4 Bidders List

The City Clerk and the requesting department shall develop and log a list of possible vendors to whom the contract documents should be mailed. A copy shall be mailed to each vendor and subsequently to any vendors who request contract documents after the initial mailing.

6.5 Bid Security

If required all bids received for contracts shall be accompanied by a bid security through the provision of a certified check, cashier's check, or bid bond in the amount of five percent (5%) of the proposed bid price, payable to the City of Horton. Failure to provide the required bid security may be grounds for rejection of the bid.

6.6 Bid Opening/Evaluations

All bid documents are to be received in the City Clerk's Office prior to the advertised date and time and publicly opened and read aloud in the City's Commission Chamber shortly thereafter.

Following evaluation by the requesting department and the City Administrator, a recommendation to award the contract will be made by the City Administrator to the City Commission outlining the bids received, the purpose of the purchase, the funding, and further justification as required.

6.7 Award of Contract

A contract recommendation shall be submitted to the City Commission, which reserves the right to accept or reject any and all bids or parts of the bids where the best interest of the City may be served.

6.8 Contract Surety Bond (Performance Bond)

The successful bidder may also be required to provide the City with a contract surety bond in the full amount of the contract guaranteeing faithful performance of the contract.

6.9 Waiving of the Bidding Process

The bid process may be waived in the event that the Administrator advises Commission that it would be useless or inadvisable to solicit bids because of a single source of supply; to utilize a previously bid State contract; or because the services required are of a professional nature. City Commission must approve of this recommendation.

6.10 Price Increases

On contracts awarded by City Commission, contract price increases resulting from contract changes shall require approval by the City Commission except that the City Administrator shall be permitted to authorize minor price increases within the approved budget for necessary contract changes.

6.11 Nonperformance

Should the vendor fail to meet any requirement of the contract documents, the vendor can be cited for nonperformance. The seriousness of nonperformance must be evaluated based on the circumstances surrounding any violation. The City has the following options when a vendor fails to perform:

- A. The City may exercise its rights under a liquidated damages clause or under the terms of the performance bond.
- B. The City may obtain the needed items from another source and charge the delinquent vendor the excess difference in cost.
- C. The contract can be terminated for default if it is in the best interest of the City and if the items can be obtained under more favorable conditions from another source.

SECTION 7 – DELIVERY AND INSPECTION

7.1 Partial or Delinquent Deliveries

- A. Partial Deliveries

In the event that a purchase order lists several items, it may be possible for the vendor to complete timely delivery on some of the items. If these items, which can be referred to as “partial deliveries” can be used separately, partial payments can and should be authorized. However, if the separate items are part of a system, then partial deliveries are of no value to the City and payment will not be authorized until the delivery is complete.

B. Delinquent Deliveries

When follow-up efforts have failed and deliveries have become delinquent, one of the following actions may be taken:

- authorize additional time for delivery or
- cancel and order from another source

The following considerations will be taken when deciding which option the City will take:

- needs and requirements of the City
- agreements with the vendor
- availability from other sources
- the delivery time associated with reordering from another source

7.2 Inspection

Goods and services will be checked at the time of receipt to detect any damage or defects and ensure the receipt of material/equipment in compliance with the contract documents or order. Inspection should be conducted immediately upon arrival or as soon as possible. Equipment and supplies should be inspected for the following:

- damage
- quantity
- quality
- price

and all other required specifications.

7.3 Acceptance/Rejection

- A. The acceptance of equipment shall be the responsibility of the initiating department and shall be conclusive, except for latent defects or fraud. The use of received goods shall constitute acceptance by a department.

All invoices or shipping documents should be signed by the recipient and provided to the City Clerk.

- B. Rejection of received/delivered equipment, goods, or materials shall be documented by the requesting department to the City Clerk and the vendor informed, allowing the opportunity for explanation or compliance with the original specifications. The City Administrator or assignee shall be the city representative for all communication in this regard.

SECTION 8 – DISPOSAL OR SALE OF SURPLUS GOODS

- 8.1 In the event that the City has equipment, supplies, or materials that have become surplus, or are being replaced, the City Administrator may authorize the sale or disposal of such goods provided the value of each item does not exceed \$5,000. In the event that an item is valued higher than \$5,000, prior approval City Commission shall be obtained.

8.2 Methods of Disposal/Sale of Surplus Goods

- A. Transfer to other city departments if need is determined
- B. Sale to general public at city auction
- C. Junking when no longer of value/or safety risk
- D. Trade-in toward new equipment
- E. Sealed bids

8.3 Reporting

In order to properly secure and account for the city's property, each department is responsible for completing an Equipment Replacement/Disposal form. This form will provide all the necessary information to allow for replacement or disposal of city property to take place.

8.4 City Auction

When surplus material is sold, it will be accomplished through a competitive auction that is open to the general public. The City Administrator will insure conformance with competitive practices including newspaper advertisement. Items/equipment being offered for sale or auction will be reported to the City Clerk in advance with a full description and serial numbers, if applicable. Following the auction, a report shall be developed outlining the items sold and the money received.

The use of an auction company is authorized to facilitate the auction and assume responsibility of advertising, labor, collection, and documentation of proceeds and buyers. Such services will usually require a percentage of the gross receipts.

8.5 Sealed bids

When it will be advantageous to the city, due to the nature of the surplus material/equipment, the sealed bid method of disposal may be used.

SECTION 9 – PROFESSIONAL SERVICES PROCUREMENT

Professional services may include, but are not limited to, consulting for a rate study, audit services, or computer-related consulting.

10.1 Professional Services

Normal competitive procedures cannot be utilized in securing professional services such as engineers, appraisers, planners, computer-related counseling, and other professional people whose services are often based on hourly rates or a percentage of a contract amount and are not likely to enter into a competitive bidding process. A Request For Proposal (RFP) can be prepared including requirements and minimum standards for the services to be provided. A number of qualified professionals will be invited to submit a proposal setting forth their interest, qualifications and how they can meet the City's needs. In securing professional services, it is the primary goal of the city to obtain these services from a provider who has a proven record of offering such services in a professional way. The cost of services will not be the sole criteria.

It will be the duty of the City Administrator and the requesting department to determine if an RFP is necessary. This determination will be made on an individual project basis.