# City of Carroll

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**MEMO TO:** Honorable Mayor and City Council Members

**FROM:** Mike Pogge-Weaver, City Manager MPW

**DATE:** April 6, 2017

**SUBJECT:** Revised Policy 501 - Purchasing Policy

As part of the discussion on January 23rd during the competitive bidding law workshop, staff indicated they were working on revisions to the City's purchasing policy and on March 13th a first draft was reviewed by the Council. Based on the comments from March 13th, the policy was revised and attached is that revised policy. Some of the revisions made from the policy presented on March 13th include:

- Changed the level were purchased can be approved by staff from $25,000 for budgeted items and $10,000 for non-budget items to $10,000 for all items.
- Clarified that staff is required to solicit quotes from two vendors for purchases between $1,000 and $5,000 and three vendors for purchases between $5,000 and $50,000. If a vendor does not timely submit a quote, then staff is not precluded from moving forward without the required number of quotes.

The policy was last updated in 1990 and this revision represents a complete rewrite of the City's purchasing policy. A few of the changes from the current to proposed policy include:

- Increase the dollar amount for when Council action is needed on a purchase from $5,000 to $10,000 or less for all items.
- Reiterate and make clear the city "Local Preference" policy on purchasing locally when possible.
- Establishes a procedure on when emergency purchases can be made, establishing a procedure to attempt to communicate emergency purchases with the Mayor or the Mayor Pro Tem before such purchases are made, and the need to document the reason for making emergency purchases in the first place.

Staff feels this new policy clearly delineates the responsibilities of the Council and Staff regarding purchases, makes the policy clearer and accurately documents the City's purchasing practices.

**RECOMMENDATION:** Review and consider approving the revised Policy 501 - Purchasing Policy.

**RESOLUTION NO. _____**

A RESOLUTION APPROVING THE REVISED PURCHASING POLICY NO. 0501

WHEREAS, the City of Carroll currently has a Purchasing Policy No. 0501 in place, and

WHEREAS, a revised policy has been prepared and is attached hereto, and

WHEREAS, the City Council of the City of Carroll, Iowa, finds that the revised Purchasing Policy No. 0501 is acceptable and should, therefore, be approved.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Carroll, Iowa, that the attached revised Purchasing Policy No. 0501 is approved.

PASSED AND APPROVED this 10th day of April, 2017.

CITY COUNCIL OF THE
CITY OF CARROLL, IOWA

_____
Eric P. Jensen, Mayor

Attest:

_____
Laura A. Schaefer, City Clerk

# CITY OF CARROLL

## POLICIES AND PROCEDURES MANUAL

| Subject | Policy No. |
|---|---|
| Purchasing Policy | 0501 |

| Responsible Division(s), Office(s) | Related Policies & Procedures |
|---|---|
| All Departments | |

| Effective/Revision Date | Approval(s) |
|---|---|
| 11/28/88; 01/22/90; XX/XX/XX | Mike Pogge-Weaver |

**Purpose**

The City of Carroll Purchasing Policy is created to:

1. Clarify certain procedures and safeguards governing purchases of supplies and services by the City.
2. Provide for increased public confidence in the procedures followed in City purchasing decisions.
3. Ensure the fair and equitable treatment of all persons who are involved with the City's purchasing procedures.
4. Provide increased economy in City purchasing activities and maximize the purchasing value of public monies for the City.

**Purchasing Responsibilities**

*City Council*

1. Adopt the annual operating budget to determine levels of expenditure by fund, department, and program, including capital expenditures.
2. Review, approve, and award budgeted purchases (including capital, equipment, contractual service) over $10,000.

*City Manager*

1. Ensure budgeted levels for each fund are not exceeded.
2. Approve all purchases between $5,000 and $10,000.
3. Present purchasing recommendations for items requiring Council approval.
4. Coordinate purchases among departments.
5. Ensure compliance with this purchasing policy.

*City Clerk/Finance Director*

1. Monitor expenditures and advise City Manager of monthly expenditure rates.

*Department Heads*

1. Inform all personnel in their department of these purchasing policies.
2. Plan purchases (including budgeted items) in order to allow sufficient time to obtain proposals or quotations, determine best vendor, and issue contracts.

*Other City Employees*

1. All employees must be authorized by their Department Head to make purchases.
    a. Certain employees may be granted a standing purchasing limit by their Department Head. Employees will not be granted a standing purchasing limit that exceeds the limit of their Department Head.
    b. Employees also may be given approval by their Department Head on a case-by-case basis to make certain purchases.
2. Employees who have been approved to make minor purchases are encouraged to make such purchases from local vendors within the City limits.
3. When making purchases, employees are to put their signature and department name on the invoice. All invoices need to be turned in to the employees' respective departments.

**Prohibited Purchases**

The following purchases cannot be made from City funds:

1. The purchase of any illegal substance or services.
2. Gambling related purchases.
3. Purchases made for personal benefit with no value to the City.
4. Any purchase not done in accord with Iowa law or these policies.

**General Procurement Guidelines**

*Purchases Exceeding $50,000*

Contracts for goods or services exceeding $50,000 shall be awarded by the City Council through sealed competitive bidding.

Process for Obtaining Council Approval

1. All purchases or service contracts shall be listed on the agenda.
2. All purchases or service contracts shall be accompanied by a written recommendation from the City Manager for award.

*Purchases between $10,000 and $50,000*

For all purchases over $10,000, Council approval is required. At least three documented price quotes shall be solicited. Quotes may be solicited in person, by telephone, from websites, or in writing. The process for obtaining Council approval is as follows:

1. All purchases or service contracts shall require a separate agenda item.
2. All purchases or service contracts shall be accompanied by a written recommendation from the City Manager for award.

*Purchases between $5,000 and $10,000*

Purchases of goods or services greater than $5,000 but less than $10,000 will require at least three documented price quotes shall be solicited. Quotes may be solicited in person, by telephone, from websites, or in writing. Purchases between $5,000 and $10,000 shall be approved by the City Manager.

*Purchases between $1,000 and $5,000*

Purchases of goods or services greater than $1,000 but less than $5,000 will require at least two documented price quotes shall be solicited. Quotes may be solicited in person, by telephone, from websites, or in writing.

*Purchases under $1,000*

Purchases of goods or services totaling less than $1,000 shall not require multiple quotes if the prices are considered to be reasonable, unless requested by the City Manager. Informal quotes are encouraged.

**State of Iowa DAS Contracts**

Items that are procured through a State of Iowa DAS Contract are exempt from soliciting additional quotes. At least one additional quote should be solicited from a local vendor when the State of Iowa DAS Contract vendor is out-of-town.

**Retention of bids, quotes, and other related documents**

For items with a price over $1,000 in value, copies of bids or quotes shall be attached to the invoice. The bids or quotes will be retained with the invoice for 5 years in accordance with the record retention policy (Policy # 0313).

## Budgeted Commodities/Consumable/Vehicle Repairs

Various items such that are commodities, consumable, and minor repairs (like salt/sand supplies, postage, cleaning supplies, tools, vehicle/truck parts, etc.) may be purchased in any amount without prior City Council approval so long as the item is part of the approved annual budget. In all cases, the procurement requirements related to sealed bids and quotes shall be followed.

## Local Preference

The City will make reasonable effort to purchase goods and services from suppliers located within the City limits of Carroll and the State of Iowa. City Staff shall not seek out-of-town bids or quotes except:

1. When no vendor or only one vendor exists within the Carroll City limits
2. The City has information that an out-of-town vendor may be price competitive.

This local preference policy does not pertain to:

1. Construction
2. Purchases involving State or Federal funding
3. Joint governmental purchases.

## Procedures for Competitive Bidding

Note: State requirements will be followed for all public improvement projects for horizontal and vertical infrastructure.

General Procedures

1. Invitation for Bids – An invitation for bids shall be provided to those vendors requesting such notice at least 7 days in advance (when available) of the due date for submission of bids. Bid bonds may be required if determined by the City Manager.
2. Bid Opening – Bids shall be opened by a departmental representative with the City Clerk present. The amount of each bid shall be announced, and other relevant information shall be recorded along with the name of each bidder.
3. Bid Evaluation – Bids shall be evaluated based on the requirements set forth in the Invitation for Bids, which may include criteria to determine acceptability, such as inspection, testing, quality, and suitability for a particular purpose.
4. Award – The contract shall be awarded or rejected with reasonable promptness. Award will be made to the lowest responsible bidder who submits a responsive bid. The City reserves the right to reject all bids.

**Professional Services Exemption**

For purposes of this policy, professional services shall be those services being provided by a person with an advanced/specialized degree, such as a CPA, lawyer, architect, engineer, actuary, or in some cases a highly specialized consultant. The intended solicitation of professional services by itself does not necessarily exclude City staff from following bidding procedures noted in this policy. If a professional service is readily available in the marketplace (such as several engineering firms in the area), staff should exercise good judgment in obtaining more than one proposal for the service. Staff may establish minimum qualifications (such as experience) for those professional service firms to be evaluated. These factors can be taken into account when making the selection of a professional service provider, thus the selected vendor may not necessarily be the lowest cost proposal. Professional services being provided to the City should be reviewed by City Staff at least once every five years to ensure the City is receiving the best service and value.

**Emergency Purchases**

Emergency goods, services and construction items are those that are necessary to prevent or mitigate serious disruption of government services or threats to public health, welfare, or safety, or to protect city buildings and/or infrastructure or if it is needed as a result of events or circumstances not reasonably foreseeable. Emergency procurements shall be made with such competition as is practical based on the circumstances.

A written determination of the basis for the emergency and for the selection of the particular contractor and/or product shall be certified or prepared by the City Manager for emergency purchases exceeding $10,000. Every attempt should be made to contact the Mayor or the Mayor Pro Tem for emergency purchases exceeding $10,000 prior to making the purchase. The services of a professional such as an engineer or architect may be utilized to assist in determining the nature of the emergency.