

PURCHASING POLICY AND PROCEDURES MANUAL

CITY OF URBANDALE, IOWA Adopted June 30, 2009

INTRODUCTION

The Purchasing Policy and Procedures Manual was developed to explain the purchasing system used by the City of Urbandale for non-public improvement projects, as defined by Iowa Code Chapter 26.2. The manual will outline the responsibilities and duties of the City Manager, Finance & Records Department 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 which buys items in bulk for storage until needed by the user departments.

The intent of the Urbandale 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.

This manual is applicable to all operating departments, with the exception of the Library and the Water Department. The respective governing board for each of these departments independently prepares separate purchasing policies and procedures.

POLICIES

1. ROLE OF THE CITY MANAGER

By law (Iowa Code section 372.8e), the City Manager as chief administrative officer shall:

“Supervise the performance of all contracts for work to be done for the City, make all purchases of material supplies, and see that such material and supplies are received, and are of the quality and character called for by the contract.”

In the City of Urbandale, department directors work independently when making purchases. If the proposed purchase is greater than \$10,000, department directors work with the project consultant or contractor to determine the acceptability of materials, supplies, or services provided and will follow the procedures outlined in this policy. The City Manager will direct the Finance Director and Accounts Payable Clerk to review all invoices for materials, supplies or services prior to payment. Any purchases that qualify as a public improvement, as defined by Iowa Code Chapter 26.2 are subject to separate regulations; the guidance set forth in this policy should not be applicable to such projects. See the City of Urbandale's Public Improvements Policy and Procedures Manual for further guidance.

2. PURCHASE ORDERS (PO)

The department prepares a PO requisition to obtain a PO. The requisition identifies the vendor, item, estimated cost, and the department's line-item account which will be used to pay for the item. Requisitions, along with all required bid forms, are forwarded to the Finance & Records Department for review prior to issuing a PO. Requisitions can be received via phone, fax, email or in hard copy. A PO should always be requested and the PO number received by the department prior to charging any materials, supplies, or services to be billed to the City. This excludes any item under the minimum cost threshold set forth in

Appendix A. A PO is not required for payments due under an on-going service contract, or a public improvement project which has been approved by the City Council.

Each PO is generated with a unique document number, and printed in triplicate. The Finance & Records Department retains a colored copy of the PO with the original department request and bid information. The department receives the original white PO for its file, and the 2nd colored copy. Once the item and its invoice have been received by the department, the department should attach the supporting invoice to the colored PO copy, approve payment by signing the PO and return the PO to the Finance & Records Department. Once received by the Finance & Records Department, the two colored PO copies are matched up and used to enter payment to the vendor. This packet becomes part of the permanent financial file. At the end of each fiscal year, payment packets are randomly selected and reviewed by the external auditors to verify completeness of the supporting documentation for each purchase.

3. 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 purchasing department 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..."

Urbandale-based companies (meaning those headquartered in Urbandale) will also be given preference in competitive quotation and competitive bidding situations (for items over \$2,500). If an Urbandale-based company's bid is within 5% of the low-bid (up to a maximum differential of \$5,000), and all other specifications of the request for proposal are met by both companies, the Urbandale-based company will be awarded the contract.

4. COOPERATIVE PURCHASING

The City Manager 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 entities contract, in the best interest of the City, notwithstanding any provisions of this manual to the contrary. Utilization of any 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, 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.

5. COMPETITIVE BIDDING REQUIREMENTS

All purchases of, and contracts for, supplies and contractual services, for an estimated cost of \$10,000 or more, except as specifically provided herein, shall be based wherever possible on competitive bids. Utilization of any State or Federal bid contracts satisfies the competitive bidding requirements.

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 sealed bidding requirements include: professional services and professional service contracts, items valued under \$10,000, and emergency purchases.

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

6. SALES TAX EXEMPTIONS

Under Iowa Law, (Code of Iowa section 422.45.7), the City of Urbandale is exempt from tax in the case of sales of articles purchased for the City's exclusive use. Additionally, the City agrees to pay tax, including interest, on such articles to the vendor or will reimburse the vendor for any tax, including interest, assessed by the State government.

7. 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 by 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 City Manager and if costs exceed \$10,000, to City Council for approval.

APPENDIX A
PURCHASING PROCEDURES FOR DEPARTMENTAL BUDGET ITEMS

- 1) For all purchases verify that the item is a budgeted item for your Department.
- 2) Under \$10
For an item under \$10, an employee may purchase the item with personal funds and retain the receipt in order to be reimbursed. Reimbursement can be submitted through the Finance & Records Department or through the employee's departmental petty cash. The receipt must be approved as noted in #8 below and turned into the Finance & Records Department or departmental petty cash for reimbursement.
- 3) Determine the process necessary for your budgeted item purchase based on the total dollar amount of the item(s) to be purchased - Note that the total cost should be considered when evaluating the below thresholds and in determination of final vendor selection. Total cost includes shipping/handling fees and transportation surcharges.

\$999 & Under	Retain receipt & turn in for Department approval and coding
\$1,000 - \$2,499	3 verbal quotes received, documented & PO # received <u>before</u> purchase
\$2,500 - \$9,999	3 written quotes received, documented & PO # received <u>before</u> purchase
\$10,000 – and above	Sealed bid process, requires City Council approval before PO is issued.

Exceptions – items that need POs REGARDLESS of dollar amount:

The above thresholds are applicable for all items purchased EXCEPT the following unique situations, where a PO will be needed regardless of dollar amount:

- o Any vendor that requires a PO # prior to purchase (ie: Youth in Parks admissions/events)
 - o Ongoing or long-term purchases that will have multiple shipments (over a period greater than 30 days) to fulfill the whole order (ie: bulk fertilizer, salt, ammunition, etc.)
 - o Any purchase over \$500 with a single anticipated delivery date greater than 30 days.
- 4) Complete the appropriate type of quote/bid documentation required in #3 above, then submit a PO requisition (phone, fax, email or hard copy) along with the quote/bid documentation to the Finance & Records Department for the purchase and wait to receive a PO number prior to making a purchase.
 - a. Requisitions for travel and training shall be consistent with the City of Urbandale's Travel policy guidelines and do not require a PO. If being requested in advance of travel, documentation should be included to support the number of days per diem requested, and lodging estimates.
 - 5) The Finance & Records Department will issue a hard copy of the requested PO & distribute 2 copies to the requesting department, a white copy and a colored copy. The white copy of the PO should be retained by the Department for its records.
 - 6) After purchasing the item: attach the invoice or store receipt to the colored copy of the PO form. If a packing slip/work order document is received, retain all documentation with the PO until final invoicing is received. The colored PO should not be returned to the Finance & Records Department without a final priced invoice attached.
 - 7) Changes can be made on the front of the PO if necessary.
 - a. Departments should verify that the vendor address on the PO matches the remittance address on the final invoice.
 - b. If the final price of an item is different than the PO amount, the correct pricing should be marked on the front of the PO. General ledger coding should also be verified as correct.
 - 8) Colored copies of all PO's should be approved by the Department Director, or their designee, and signed at the bottom before returning to Finance & Records Department. If there are any special directions required for payment (ie: check is to be returned to the department for hand delivery, etc.); those directions must be clearly indicated on the front of the PO and initialed by the Department Director.

- a. For items less than \$999, the invoices/receipts should be stamped on the document itself with the "Approved for Payment" stamp and all fields completed. If the invoice receipt is smaller than a full sheet of paper, the document should be taped/stapled onto a full sheet of paper.
- 9) Unapproved PO's/Invoices or items missing supporting documentation will be considered incomplete and will not be paid. The Finance & Records Department will return any incomplete items to the department for completion.
- 10) Responsibility for purchases within each department rests with the Department Director.
 - a. If the Dept. Director chooses to designate approval authority for purchasing, a listing shall be provided to the Finance & Records Department to ensure proper approval is obtained. Such listing shall include:
 - i. name(s) of designee(s),
 - ii. approval authority dollar limits,
 - iii. any purchase category restrictions, and
 - iv. any expense code restrictions.
 - b. Approval of the following items can not be designated:
 - i. Travel, training and reimbursement to employees must be approved by Department Directors.
 - ii. Department Director travel, training and reimbursement expenses must be approved by the City Manager. City Manager travel, training and reimbursement expenses must be approved by the Mayor.
 - c. Departments are responsible for submitting their invoices, PO requests and final approved packets to the Finance & Records Department in a timely fashion as to avoid late fees or penalties from vendors. The **submission deadline for invoice payments is 12:00 p.m. each Tuesday the week prior to a City Council meeting.** Checks are run on Thursday, approved by Council the following Tuesday, and mailed on Wednesday.
 - d. For any department that utilizes an in-house charge account with a vendor (ie: Menards), that department is responsible for providing the Finance & Records Department with a list of employees that is eligible to make purchases on the City's account. This list should be updated and resubmitted to Finance & Records any time the department has a termination, retirement, or addition to the workforce.
- 11) Departments are not to separate purchases for the purpose of circumventing financial guidelines.
- 12) 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 that are not all under the purchaser's authority, and the total cost being allocated to any outside department is over \$250, the purchaser should notify (by phone or email) the department being charged of the fee and make a notation on the invoice of the date and person notified. Each department is responsible for choosing a designated contact person within their department to receive these notifications.
 - a. This requirement is waived if the allocated costs are associated with a City-wide service contract (ie: building maintenance contracts).
- 13) The Finance & Records Department is responsible for ensuring that departments adhere to this policy.
- 14) Repeated failure to follow the above guidelines by any individual will be reported to the City Manager and will be subject to disciplinary action if actions persist.
- 15) This policy may be amended, revised or modified as deemed necessary by the Finance Director or City Manager.

PROCEDURES FOR OBTAINING BIDS

\$1,000 - \$2,499

The employee requesting a purchase in this range must compile three verbal quotes and document the quotes received on a "Verbal Quotes Recording Sheet", as attached to this policy. Telephone quotations are acceptable for these purchases. After recording all three quotes, reviewing the prices and determining the low bidder who has met the requirements, the employee may prepare the requisition for a PO. Attach the list to the requisition and forward them to the Finance & Records Department.

- 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.)

Only the original "Verbal Quotes Recording Sheet" is acceptable as an attachment to the PO request. This document becomes the official City bid document and must be filed in the Finance & Records Department and signed by the calling party in the requesting department.

A "No Bid" is not considered a bid when obtaining verbal quotations. Three prices are to be obtained and submitted in writing to the Finance & Records Department. 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 Director always reserve the right to review each verbal quotation, obtain additional bids if deemed necessary, and verify prices with the named vendors.

The verbal quotation only identifies the lowest bidder meeting specifications. Authority to place an order is given once the purchase order has been issued.

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.

\$2,500 - \$9,999

Items \$2,500 to \$9,999 may be awarded by means of informal competitive bidding. All informal competitive bidding purchases in excess of \$2,500 shall be based on at least three competitive written quotes, and shall be awarded to the lowest bidder in accordance with the standards set forth in this policy.

All informal competitive bids shall be obtained by the Department Director or designee by any of the written mediums discussed below and the Department shall maintain documents prescribed by the City Manager on all such transactions, and such records shall be open to the public for inspection. A copy of each bid must be attached to the PO request. The written quotation only identifies the lowest bidder meeting specifications, subject to the Urbandale-based company provisions outlined in Section 3 of this policy. Authority to place an order is given once the purchase order has been issued.

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 Director always reserve 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: email, fax, internet pricing lists, traditional catalog price lists, brochures, flyers). Pricing should include all applicable charges and shipping/handling fees.

\$10,000 and above

Approval for purchases expected to exceed \$10,000 will follow a competitive bidding process as outlined in Section 5 of this policy. The item to be purchased must be approved by the Department Director and the City Manager. Once bidding has been completed, the results will be submitted to City Council for final approval before the PO can be issued and purchase completed.

Whenever practical, purchases expected to exceed \$10,000 must have a minimum of three prospective bidders and shall be bid on by formal, written contract. Bid specs should not be written to favor any specific vendor or product to ensure the bid has an open process. After due notice is given, the lowest responsible bidder will be chosen, subject to the Urbandale-based company provisions outlined in Section 3 of this policy.

VERBAL QUOTES RECORDING SHEET FOR PURCHASES OF \$1,000 up to \$2,499

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		
<u>PRODUCT NAME</u>	<u>ADDITIONAL DESCRIPTION</u>	<u>QUANTITY</u>

<u>#1 VENDOR NAME</u>	<u>CONTACT NAME & PH #</u>	<u>BID AMOUNT</u>	<div style="border: 1px solid black; padding: 2px; font-size: 8px;">Check box next to winning bidder</div> <input type="checkbox"/>
 			<input type="checkbox"/>
<u>#2 VENDOR NAME</u>	<u>CONTACT NAME & PH #</u>	<u>BID AMOUNT</u>	<input type="checkbox"/>
 			<input type="checkbox"/>
<u>#3 VENDOR NAME</u>	<u>CONTACT NAME & PH #</u>	<u>BID AMOUNT</u>	<input type="checkbox"/>

I certify that the above bids were obtained in accordance with the City of Urbandale's Purchasing Policies and Procedures Manual and that the information above represents actual and accurate information received from the vendors named above for the items described above.	
_____ Employee Signature	_____ Date