

## CITY OF MAQUOKETA PURCHASING POLICY

### INTRODUCTION

The Purchasing Policy and Procedures Manual was developed to explain the purchasing system used by the City of Maquoketa 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 Clerk, and the Department Head. The policy will first explain the policies that guide the purchasing process. The detailed procedures and instructional statements will be presented after the policies.

***The intent of the Maquoketa 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.***

The purchase of supplies, equipment, construction, and services that include any federal program funding shall follow all standards outlined in 2 C.F.R. 200. Please consult the Finance Dept. before expending federal funds to ensure compliance with 2 C.F.R. 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. This manual is applicable to all operating departments of the City.

### CONFLICT OF INTEREST

It shall be a breach of ethical standards for any employee or elected official to participate directly or indirectly in the purchasing process when:

1. The employee or elected official is an owner of, or is contemporaneously employed or is an independent contractor by/of a bidder, vendor or contractor involved in the procurement transaction; or
2. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family holds a substantial participation level in the procurement transaction, or owns or controls an interest in the company; or
3. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family has a financial interest arising from the procurement transaction; or
4. The employee or elected official, the employee's or elected official's domestic partner, or any member of the employee's or elected official's immediate family is negotiating or is retained as an independent contractor, or has an arrangement concerning, prospective employment with a bidder, vendor or contractor; or
5. If a City purchase is in conflict with this policy, the employee or elected official must disclose immediately to his/her manager and/or the City Manager or Mayor

if the company providing services to the City is a family member of the current employee(s) or elected official(s).

The employee's or elected official's immediate family shall be defined as a spouse, children, parents, brothers and sisters, and any other person living in the same household as the employee. It shall be the responsibility of the City Manager or his/her designee to determine if there is a violation of Conflict of Interest.

### **PURCHASE ORDER (PO) & COUNCIL ACTION SUMMARY REQUIREMENTS**

A PO shall be utilized in all circumstances where spending exceeds department head authority. PO Requisitions, along with all required bid forms, are forwarded to the Finance Department for review prior to approving a PO with the City Manager. 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.

Council Action Summary Forms shall be required when introducing a new council action request or to submit an invoice for the Finance Department bills list. The Council Action Summary forms shall adequately describe the action being requested, what the statement of need and problem is, and what the financial impact is to the City of Maquoketa.

These justifications assist the City Manager in accurately communicating with the City Council.

### **SPENDING AUTHORITY**

- |                     |                                  |
|---------------------|----------------------------------|
| 1. City Council:    | Any amount greater than \$10,000 |
| 2. City Manager:    | Any amount up to \$10,000        |
| 3. Department Head: | Any amount up to \$5,000         |

The Department Head shall have the freedom to conduct Department business without the need to have City Manager approve purchases up to \$5,000. The Department Head shall remain budget responsible with due regard to their spending for Department purposes and follow the Department Budget as determined by the City Manager and City Council.

The City Manager shall have a spending authority up to \$10,000. The City Manager must approve in writing, on a PO, Department Head spending if it exceeds Department Head spending authority.

All spending above City Manager authority shall be referred to City Council for consideration unless it is an obligation defined by an ongoing contract or project which has been approved by the City Council.

### **LOCAL PREFERENCE**

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. Furthermore, Maquoketa based companies shall be given high consideration for bid awards.

## **INTERGOVERNMENTAL AGREEMENTS & 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.

## **REQUESTS FOR PROPOSAL & COMPETITIVE BIDDING**

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.

Competitive bids means public posting (i.e. in the City website "bid opportunities" page, or in a public newspaper) for services or products. Competitive bids shall require at least three potential bidders being contacted and documenting who was contacted. The Department Head or designated staff shall make every reasonable attempt to continue soliciting competitive bids throughout the bidding process. Competitive bidding shall last at least one week. All competitive bids shall be sealed in an envelope and delivered to City Hall, 201 East Pleasant Street, Maquoketa, IA 52060. No bids shall be opened until the due date and time for opening.

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 items valued under \$10,000, emergency purchases, and unique waivers of competitive bidding.

## **EMERGENCY PURCHASE EXEMPTION**

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.

If any of these situations occur, purchases of emergency need items may be made without approvals required by this policy. The City Manager shall communicate to the extent practical

with the Mayor and members of the City Council regarding the purchase via email or phone call. 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.

When using federal funding in emergency situations circumvention of the procurement policy is not allowed, until consultation with the Finance Dept. has occurred.

## **UNIQUE WAIVERS OF COMPETITIVE BIDDING**

The City of Maquoketa may elect to circumvent policy based on the following unique reasons. These reasons must be adequately justified to the City Manager and/or City Council in a Council Action Summary.

1. Sole Source Purchasing:
  - a. Purchases which may only be made from a single source;
  - b. Purchases which can be made at a public auction, close-out sale, bankruptcy sale or other similar sale at a cost below the market cost in the community;
  - c. Purchases where an emergency immediately affects the public health, safety or welfare if authorized by the Department Head and City Manager or his/her designee. Upon cessation of the emergency, the Department Head and City Manager or his/her designee shall inform the corporate authorities by a full written account of the contracts entered into or purchases made pursuant to this subsection;
  - d. Contracts for the services of individuals possessing a high degree of professional skill;
  - e. Contracts for the printing of bonds, tax warrants and other evidences of indebtedness;
  - f. Purchases, which because of the unique characteristics of the personal property or the needs of the City are not susceptible to competitive bidding;
  - g. Contracts with options to renew for additional periods of time at a fixed price.
  
2. High Skill Professional Services:
  - a. Certain professional service contracts and agreements may be accomplished through requests for professional services which are considered by the City to be those which, by their nature, are not adapted to award by competitive bidding; although should the City have an existing and satisfactory relationship with a firm, contractually present or not, this provision may be waived upon City Manager or his/her designee approval. This would include such services as auditing, engineering, planning, legal, appraising, architectural, medical, psychological, marketing, risk management, bond issuance, and similar type services of individuals possessing a high degree of professional skill where the ability of the individual plays an important role. These contracts or agreements may be entered into without formal bidding with the approval of the City Manager or his/her

designee for amounts up to \$10,000. The City Council must specifically approve any contract in excess of \$10,000.

### **CHANGE ORDERS TO PRIOR COUNCIL ACTION**

All change orders requesting an increased value to a contract previously approved by City Council must be re-considered by City Council. The Department Head, City Manager, and Finance Clerk shall be responsible for monitoring contract execution.

### **LIBRARY ACTIVITIES**

Pursuant to the City of Maquoketa City Code Title 2-Chapter 10-Section 5, the City recognizes that the Library Board has exclusive expenditure control of all funds allocated by the City Council for use at the Library. However, in lieu of creating a separate purchasing policy, the Library operates as any other department of the City and chooses to follow the City's procedures for purchasing as laid out in this policy, with two main alterations.

First, being that the purchases related to collections materials (books, media, or other patron materials that are checked out) are not subject to bidding requirements as laid out in this policy. While the Library is expected to evaluate purchases of collection items and get the best available pricing, there is not a requirement to document pricing with every order.

Secondly, any collection-related purchases are not required to have a purchase order, regardless of the size of the order. For all other non-collection purchases, the Library follows the purchasing policy as outlined in this document.

### **SALES TAX EXEMPTION**

Under Iowa Law, (Code of Iowa section 422.45.7), the City of Maquoketa is exempt from tax in the case of sales of articles purchased for the City's exclusive use.

### **FEDERAL FUNDING**

This applies to the purchase of all supplies, equipment, and construction and services of and for the City that include any federal program funding. In regard to any such federal programs, all procurement will be done in accordance with 2 CFR; Part 200. Chapter 26 and Section 331.341 of the Iowa Code will be followed on all applicable purchases. When federal requirements conflict with local or state requirements, the most restrictive requirements will be followed.