

Purchasing Policies and Procedures

~~OCTOBER 2022~~ JANUARY 2024

Purpose: The purpose of this policy is to establish uniform standards and procedures to be followed by all City Departments, Boards, Commissions, and the City Council in the purchase of all supplies, materials, equipment, and contractual services.

Policy: The purchasing standards and procedures set forth herein are designed to:

1. Attain maximum economy in municipal operations to ultimate advantage of local taxpayers.
2. Provide equal opportunity for qualified vendors to serve the City's needs.
3. Use local businesses when practical and competitive.
4. Adhere to relevant Ordinances and Statutes.

A. Purchase Authority

In general, all supplies, materials, equipment and contractual services should be included in the annual budget authority approved by the City Council or governing body.:-

B. Authorization Policies and Limits

Although included in the annual budget, certain supplies, materials, equipment, and contractual services may require additional approvals before actual purchase. Staff purchasing supplies, materials, equipment, or contractual services must receive the following approvals prior to purchase:

1. Department Head may authorize purchases that do not exceed ~~\$1,500~~ \$5,000 if the source of funding has been identified in the budget. The City Administrator ~~must~~ shall approve all purchases in excess of ~~\$1,500~~ \$5,000 but less than ~~\$15,000~~ \$25,000. Purchases in excess of ~~\$15,000~~ \$25,000 require City Council or governing body approval- ~~except that the City Administrator may approve purchases in excess of \$25,000 where the Department Head complied with and completed the competitive bidding requirements, as outlined in Section E. herein, during the annual budget approval process and the item was approved in the current budget. Any purchase in excess of \$25,000 that was not secured by competitive bid and approved during the budget approval process requires approval of the City Council.~~
2. Purchasing for public construction projects shall follow requirements of State Statutes (62.15(1)).
3. Each department head of the City shall be responsible for its own department's purchasing needs in strict compliance with the procedures set forth herein. Department heads must provide accurate budget and expenditure information to the City Administrator to ensure the effective administration of this policy. No department may make charges against budget accounts of other departments without prior authorization.
4. The City Administrator is responsible for determining if an item is budgeted, adequate funds are available, and that proper purchasing procedures are followed.

C. Purchase Orders

A Purchase Order must be prepared for the following purchases:

1. Any purchase of goods or services ~~greater than~~ \$5,000.

2. Any purchase from a source determined by formal bid, bid waiver or formal quotation.
3. Any capital outlay item **greater than \$5,000.**
4. When a vendor requires a purchase order.

Exclusive of the above requirement, a department head may ~~request~~ **prepare and request approval of** a purchase order ~~be prepared~~ at any time they feel it is best or prudent to do so.

D. Vendor Payments

The department ordering goods or services is responsible for the accuracy of expense accounts used and that the purchases are within budget parameters. All expenses must be coded to the appropriate expense category/expense line.

All applicable quotation forms, vendor invoices, ~~purchase requisitions~~ and purchase orders, approved by the department head or designee must be forwarded to the Treasurer's office for payment and processing.

E. Purchasing Procedures

1. Construction Projects:
 - a. Purchases for construction projects in excess of ~~\$20,000~~ **\$25,000**. For public construction projects, the City shall follow statutory bidding procedures.
 - b. Purchases for construction projects in excess of ~~\$10,000~~ **\$5,000**. Expenditures within the range of \$5,000 and ~~\$20,000~~ **\$25,000** for public construction projects and the purchase of construction goods require a class 1 notice under Chapter 985.
 - c. For public construction projects that have been properly bid and formally awarded by the City Council, the City Administrator may fulfill legitimate pay requests within the approved project amount if recommended for payment by the City Engineer. Change Orders for public construction projects require City Council approval, unless authority is otherwise delegated by the City Council on a project-by-project basis.
2. Purchases in excess of ~~\$15,000~~ **\$25,000** (for non-construction projects):

All purchases of non-construction goods or services in excess of ~~\$15,000~~ **\$25,000** require formal bidding procedures and approval of the **City Administrator or City Council as outlined in Section B herein**. ~~Purchases for professional services in excess of \$10,000 require the approval of the City Council.~~

3. Purchases in excess of ~~\$1,500~~ **\$5,000** but less than ~~\$15,000~~ **\$25,000**:

If item is budgeted the City Administrator may authorize purchase subsequent to a request from the Department head. ~~Department heads must follow the purchasing procedures identified in paragraph 4 of this section.~~ **The department head shall secure at least three written quotes or proposals from perspective vendors for the item or service. When possible local vendors/businesses should be offered the opportunity to provide a quote. Quotes must be documented.**

In the event a department head feels that a purchase should be made from a specific vendor due to proprietary equipment requirements, the item or service is only available from a single supplier, or it is impractical to receive multiple quotes, a recommendation to deviate from normal practices should be directed to the City Administrator who may waive this requirement. In the case of a documented emergency, see the current City Budget Expense Line Policy.

4. ~~Purchases in excess of \$500 but less than \$1,500:~~

- a. ~~The department head shall secure at least three written quotes or proposals from perspective vendors for the item or service. When possible local vendors/businesses should be offered the opportunity to provide a quote. Quotes must be documented.~~
- b. ~~In the event a department head feels that a purchase should be made from a specific vendor due to proprietary equipment requirements, the item or service is only available from a single supplier, or it is impractical to receive multiple quotes, a recommendation to deviate from normal practices should be directed to the City Administrator who may waive this requirement. In the case of a documented emergency, see the current City Budget Expense Line Policy.~~

5. Purchases less than \$500 **\$5,000**:

Purchases in this category can best be described as day-to-day purchases needed to perform a job or service, however, they should still meet the goals and intent of this policy. Department heads are responsible for the purchases made by personnel within their department. They may delegate this purchasing authority to subordinates, but they still bear responsibility for these purchases.

6. Petty Cash:

Petty cash funds are established to pay for infrequent purchases that require immediate payment. The City Hall, Police Department, Fire Department, Senior Center, Aquatic Center (while in season) and Public Works/Recreation Department are authorized to maintain a petty cash fund in an amount not to exceed \$250. Receipts are required for all expenditures of these funds.

Each Department utilizing petty cash shall submit a formal policy detailing the handling of daily deposits and the reconciling of the petty cash funds. This policy shall be submitted to and approved by the Treasurer and City Administrator. Deposits shall be made on a regular basis, with deposit frequency addressed in the approved petty cash policy.

The Treasurer will maintain a record of the policies and assist, when necessary, in the testing and auditing of these procedures.

7. Purchases of a repetitive nature:

It is not always practical to obtain competitive quotations for purchases that are repetitive in nature, such as bulk specialty chemicals. In order to determine which supplier is the most economical, the Department Head should test the market annually, including local businesses and vendors when possible.

8. Joint Purchasing:

These requirements may be waived by the City Administrator when purchasing items through State or joint purchasing systems is beneficial to the City.

9. Minor Contracts:

The City Administrator may approve and sign routine contracts and service agreements with a term not to exceed ~~two~~ **three** years, provided the expenses are budgeted and may be approved within the City Administrator's purchasing authority limit established in Section B of this policy.

Department Heads may approve and sign routine contracts and service agreements with a term not to exceed two years, provided the expenses are budgeted and may be approved within the Department Head's purchasing authority limit established in Section B of this policy.

The City Administrator may delegate authority for Department Heads to sign a contract that exceeds the Department Head's purchasing authority limits in Section B of this policy, as long as the contract falls within the City Administrator's purchasing authority.