

Exhibit A

PURCHASING POLICY

SECTION 1 - PURPOSE

The purpose of this policy is to provide general guidelines for purchasing activities under \$20,000 and to expedite the processing of City purchases in a timely, efficient manner while assuring adequate internal controls and purchasing authority have been established. This policy is designed to be a fluid document and will be modified to conform to changes in legislation, local ordinances, state statutes, technology, and actual practice. Any modifications to this policy will be presented to the City Council for approval, prior to amending the policy. Purchases over \$20,000 are intended to be covered by competitive bidding requirements (except for “Emergency Purchases” as detailed herein).

The Treasurer, or his/her designee, shall be the final authority concerning enforcement of any of the provisions of this policy. Failure to follow the procedures outlined in this policy may lead to disciplinary action in accordance with the provisions of the City of Crest Hill’s Personnel Manual.

SECTION 2 – ETHICS

2.1 CODE OF ETHICS

All City personnel engaged in purchasing and related activities shall conduct business dealings in a manner above reproach in every respect. City expenditures financed with public funds require the highest degree of public trust to protect the interests of the City and its residents and the businesses who operate within Crest Hill. City employees shall strive to:

- Ensure that public money is spent efficiently and effectively, and in accordance with statutes, regulations, and City policies.
- Always maintain confidentiality.
- Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.
- Specify generic descriptions of goods wherever possible in lieu of brand names when compiling specifications.
- Never allow purchase orders for identical goods or services to be split or allow for any variations to City Council approvals with the intent to circumvent this established policy.
- Purchase without favor or prejudice.

- Ensure that all potential suppliers are provided with adequate and identical information to base their offer or quotation and that any subsequent information related to the purchase is made available to all bidders.
- Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and vendor selection is based upon the lowest, most responsible, total cost compliant bid.
- Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

2.2 CONFLICT OF INTEREST

Except as may be disclosed to, and permitted by the City Council, it shall be a breach of ethical standards for any employee to participate directly or indirectly in the purchasing process when the employee knows that:

- The employee is contemporaneously employed by a bidder, vendor or contractor involved in the procurement transaction.
- The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror, or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest in the company.
- The employee, the employee's partner, or any member of the employee's immediate family has a financial interest arising from the procurement transaction.
- The employee, the employee's partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, vendor, or contractor.
 - The employee'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.

2.3 QUALIFIED LOCAL BUSINESSES

To the extent not prohibited by state statute, it shall be the policy of the City to procure goods and services from qualified local businesses to the greatest extent possible. To be considered a qualified local business, a business must meet each of the following criteria:

- Located within the limits of the City.
- Employs year-round staff located at the business within the City.
- Is current with all payments to the City.
- Has adequately qualified/trained staff to service the bid item.

SECTION 3 - PURCHASING PROCEDURES

The City Administrator is authorized to make, in the ordinary course of business, all purchases of materials, supplies and services necessary for the City as provided for in the annual budget. The City Administrator shall first obtain the approval of the Council for all purchases which exceed \$20,000, prior to making such purchases.

Although any employee of the City may make budgeted purchases, the Department Head is responsible for ensuring that any employee in his/her department is appropriately trained and adequately supervised to ensure that no inappropriate purchases are made. The specific dollar limits of employees' purchasing authority are outlined below and include contracts for the same:

- For budgeted purchases less than \$1,000, only the purchaser's approval is required with the review of the Department Head.
- For budgeted purchases between \$1,000 and \$4,999.99, the purchaser and the Department Head's approval are required. Three verbal quotes are required.
- For budgeted purchases between \$5,000 and \$20,000, the City Administrator, the purchaser, the Department Head, and the Director of Finance must approve the purchase. Three written quotes are required.
- For any purchases greater than \$20,000, Council approval must be obtained prior to the purchase.

3.1 PURCHASES AND CONTRACTS UNDER \$1,000

Purchases and contracts under \$1,000 must be authorized by the purchaser and reviewed by the Department Head. These purchases require no special rules for comparative pricing. These transactions consist of low-cost items needed quickly or other items purchased from a pre-approved vendor. Department Heads are expected to ensure that the City is paying a reasonable amount for the items involved and periodically obtain price quotes to ensure that the City is receiving competitive pricing.

3.2 PURCHASES AND CONTRACTS BETWEEN \$1,000 AND \$5,000

Purchases of more than \$1,000 and less than \$5,000 must be authorized by the Department Head or his/her designee. These purchases require three verbal competitive quotes. When possible, requests for quotes should be solicited from a minimum of five (5) vendors to ensure that a respectable level of solicitation has been attempted. Department Heads are expected to ensure that the City is paying a reasonable amount for the items involved and periodically obtain price quotes to ensure that the City is receiving competitive pricing.

3.3 PURCHASES AND CONTRACTS BETWEEN \$5,000 AND \$20,000

Purchases of more than \$5,000 and less than \$20,000 require three written competitive quotes. When possible, requests for quotes should be solicited from a minimum of five (5) vendors to ensure that a respectable level of solicitation has been attempted. If three quotes cannot be acquired, staff must provide supporting information as to why three quotes could not be acquired. This information should include documentation of the advertisement and solicitation process, direct vendor solicitation methodology including vendor contact information, and vendor outreach scope and attempts via a memorandum from the Department Head. The Director of Finance will make a recommendation to the City Administrator as to whether the purchase should be made with less than three quotes or continue solicitations to obtain additional quotes.

3.4 GENERAL PURCHASING PROCEDURES

The following procedures will be used for all general purchases unless the purchase is required to be made by competitive bidding procedures:

- The operating department will make every effort to obtain a minimum of three written, email, or fax, price quotes from vendors who are eligible to provide the item or service.
- Only the City Administrator or designee can waive the three-quote requirement.
 - No purchases or work is to be initiated until the three-quote requirement has been waived by the City Administrator or designee.
- Responding vendors must provide quote responses on their letterhead or on their company forms with company authorized signatures.
- The operating department will review the quotes received to determine which vendor provided the lowest responsible and responsive quote.
- No purchases can be made until a requisition and/or purchase order is created and fully approved.

There are occasions when it is beneficial and expeditious for a department to use a current or past vendor who provided a favorable price and/or service. In these instances, the City Administrator or designee is authorized to waive the three quotes requirement when it is determined the City can quickly, efficiently, and effectively correct a problem or purchase an item.

3.5 EMERGENCY PROCUREMENT OF PROFESSIONAL SERVICES

This policy shall not apply to the procurement of professional services, which are governed separately from the normal procurement process. Professional services, where possessing a high degree of professional skill and the ability and fitness of the service plays an important role in the selection of the vendor, are subject to state law requirements.

In an emergency situation as defined in Section 4.1 of this Purchasing Policy, the City Administrator is authorized to engage the services of engineers, attorneys, consultants, or other professionals so long as the engagement will not create an obligation for such services which exceeds twenty thousand dollars (\$20,000) without prior approval of the City Council. However, in such emergency situations, the City Administrator must notify the City Council via email as soon as practicable prior to engaging such emergency professional services. Any contract for the engagement of emergency professional services pursuant to this section shall not be extended or renewed once the threshold of \$20,000 has been reached without City Council approval.

Contracts for architectural, engineering, land surveying services, and other professional services, as designated by the City Administrator (for example, public relations consultation services), shall be entered into based on demonstrated competence and qualifications for the type of services required and at fair and equitable compensation. If the City has a satisfactory, established relationship with a firm, a professional services agreement may be negotiated with that firm without contacting other firms providing if it has been determined the firm has the necessary qualifications and experience for the project. The City Administrator may sign all such contracts. All professional services agreements more than \$20,000 must be approved by the City Council.

3.6 DEPARTMENT RESPONSIBILITIES

Departments are responsible for adhering to the following purchase procedures:

- Enter, review, and approve requisitions daily.
- Instruct vendors to mail invoices directly to the Treasurer's Office.
- Obtain a W-9 from all new vendors and forward it to the Treasurer's Office.
- Paperclip all completed and approved purchase orders, applicable packing slips, and additional supporting documents, and forward those to the Treasurer's Office.
- Ensure that vendor payment terms are never less than 30 days.
- Once an invoice is received, the Treasurer's Office will review the information and return incomplete documents to Department Heads to rectify and resolve problems and discrepancies between the invoices and purchase orders (work orders, packing slips, and quotes are not acceptable replacements for invoices).

3.7 CREDIT CARD PROCEDURES AND GUIDELINES

CITY CREDIT CARDHOLDER RESPONSIBILITIES

City-issued Credit Cards (Credit Cards) are issued to designated employees of the City to support specific and limited types of City purchases. Credit Cards are used as a supplement to other acceptable methods of procurement and should only be used when other approved procurement methods are *not* available.

The City strongly encourages the use of other approved methods of procurement when possible. All purchases made with Credit Cards are subject to the requirements and restrictions set forth in the City's Purchasing Policy, as well as the Credit Card Procedures and Acceptable Use Guidelines. Any purchases made with the City's Credit Cards are subject to public disclosure under the Freedom of Information Act (the "FOIA").

CREDIT CARD PROCEDURES

The Credit Card Procedures and Acceptable Use Guidelines (Credit Card Procedures) govern the use of the Credit Cards issued to designated employees of the City to support specific and limited types of City purchases. The Credit Card Procedures are intended to guide employees on appropriate uses and protect employees and the City from any inappropriate use of the Credit Cards. Purchasing with a Credit Card must follow the City's Purchasing Policy including, but not limited to, the competitive purchasing process.

The City of Crest Hill's Credit Cards are City property. In the event a Credit Card is lost or stolen, the employee shall immediately report the loss or theft to the Director of Finance.

ACCEPTABLE USE GUIDELINES

As a supplement to other methods of purchasing, the City uses Credit Cards as a form of payment, in limited circumstances, to provide an efficient electronic payment method. Credit Cards should only be used when ordinary procurement methods are not available. The use of a Credit Card is not intended to replace effective procurement planning.

- Holders of a City issued Credit Card should refer to the City's Purchasing Policy for further guidance regarding acceptable uses.
- All purchases made with a City issued Credit Card must conform with the City's Purchasing Policy.
- Credit Card purchases should not exceed set limits made within a single billing period.
- Avoid all unauthorized purchases.
- Ensure all City-related purchases are budgeted, and have received approval, prior to purchase.
- All purchases follow federal, state and city statutes, ordinances, rules, policies, and procedures.
- Credit Card purchases are *not* split in a manner that violates the City's Purchasing Policy.
- All Credit Card purchases do *not* include any taxes, such as sales tax, from which the City is exempt from paying. Any taxes charged on a Credit Card purchase will require the purchaser to contact the merchant to receive an adjustment credit for the taxes charged on the respective purchase.

Annually, the Director of Finance shall conduct a review of all Credit Cards, including a use analysis, to determine if the Credit Card holders' current positions or duties warrant a continued need for a City issued Credit Card.

Credit Card Restrictions

The following uses of Credit Cards are prohibited unless authorized by the City Treasurer:

- Cash advances.
- Purchases from vendors who already issue the City an invoice.
- Purchases that are not City related and are for personal benefit.
- Purchases of food or beverage, with the following exceptions as approved by a Department Head or Treasurer prior to purchase:
 - Refreshments related to a City hosted meeting or event.
 - Employee or official recognition events.
 - Emergency situations of employees working through a normal meal break.
- Under no circumstances shall the purchase of alcoholic beverages be allowed, using a City issued Credit Card.
- Returns of any purchase made with a City issued Credit Card must be in the form of an account credit and should not be in cash, check, or any other form.

Credit Cardholder Eligibility Criteria

Subject to the approval of the Treasurer, the City will consider issuance of a Credit Card to certain positions based on the operational needs of the City.

Before receipt, all persons issued a Credit Card shall acknowledge, in writing, their receipt of, and agreement to comply with this Policy, and their personal limitation on purchases made with the Credit Card within a single billing period.

All recipients of a Credit Card shall no longer be eligible to hold such Credit Card and shall immediately return the Credit Card to the Director of Finance upon the occurrence of any of the following:

- City Separation of employment.
- Violation of this Policy.
- A determination is made that there is no longer a need for the Credit Card.

Process for Obtaining a Credit Card

- Completion of a bank's application and City approval.
- Review of this Policy and acknowledge agreement to comply with this Policy.

Credit Card Usage Procedures

- Purchase the least expensive item that meets the immediate need.
- Ensure that the purchase does not include sales tax. Sales tax exemption forms may be obtained from the Director of Finance.
- Obtain a receipt for the purchase. The original receipt must be submitted to the Treasurer's Office immediately after purchase. Copies of emailed receipts are sufficient.
- Include a detailed description of each item purchased including the following:
 - Detail of the equipment or good purchased.
 - Reason for use of Credit Card transaction.
 - Specific event held or attended and reason for event and attendees (if applicable).

- Failure to provide receipts of the Credit Card purchase to the Treasurer's office may result in the credit card transaction becoming the responsibility of the employee to pay for that purchase, personally.
 - Repeated failures to provide receipts to the Treasurer's office for Credit Card purchases will result in the loss of Credit Card privileges and will require the employee to relinquish the Credit Card to the Treasurer's Office.

Miscellaneous Issues

Disputed Charges:

- Follow the Credit Card issuer's Policy for disputing a charge.
- Forward a copy of the written dispute to the Treasurer's Office.

Lost or Stolen Credit Cards

- Immediately report the lost or stolen Credit Card to the Director of Finance.

Separation of Employment

- Upon separation, the employee shall relinquish the Credit Card to the Director or Finance.

Accidental Use and Reimbursement

- In the case of an accidental personal charge being made to the City's Credit Card, the Credit Card holder must:
 - Submit in writing a letter stating that the charge was not a City charge.
 - Provide a copy of the receipt.
 - Provide for immediate reimbursement for the charge in the form of a personal check to the City.

SECTION 4 – COMPETITIVE PURCHASING AND EXCEPTIONS

It is the policy of the City of Crest Hill to procure needed materials, supplies, labor, and public improvements from the lowest responsible and responsive vendor. Additionally, certain conditions may warrant waiving of the competitive bidding process when the purchase is over \$20,000. Only the City Council may waive the competitive bidding requirement with a two-thirds vote. Staff must indicate the reason for recommending waiving competitive bidding and the reason must be stated publicly when the City Council approves a purchase.

Acceptable reasons to waive the competitive bidding requirement may include, but are not limited to (all items below are subject to the purchase procedures and regulations as outlined in this policy):

- Emergency purchases.
- Proprietary and Sole Source purchases.
- Equipment standardization.

- Manufacturer, repairs and authorized dealers/sellers.
- Technical nature of item makes competition impractical or will negate standardization.
- Joint Governmental or Cooperative purchasing programs.
- Vendors Currently Under Contract: this is defined as a vendor who currently serves as the City's designated vendor for a specific service such as system maintenance. An example of this may be that the City would use the same vendor who installed its building's security system to install additional equipment at the building.

4.1 EMERGENCY PURCHASES

Emergency purchases are those unforeseen purchases where there is an immediate threat to public health or safety, or to meet emergencies rising from unforeseen causes, which necessitate the need for immediate delivery of items or services, or to prevent delays in work or construction schedules. Departments must notify the City Administrator immediately when they become aware of the need for an emergency purchase. Documentation including an explanation of the emergency must be submitted to the City Administrator in writing within five (5) working days of the department becoming aware of the emergency. The City Administrator or his/her designee is authorized to make emergency purchases over twenty thousand dollars (\$20,000) and must report to the City Council at the earliest opportunity for their approval and ratification. All emergency purchases must be thoroughly documented.

4.2 PROPRIETARY AND SOLE SOURCE PURCHASES

Contracts for parts, supplies, or equipment that are available only from a sole source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

- Equipment and/or material for which there is no comparable competitive product or is available only from one supplier.
- Public utility services from natural or regulated monopolies.
- A component or replacement part for which there is no commercially available substitute, and which can be obtained only from a specific manufacturer.
- An item where compatibility is the overriding consideration, such as computer software.

These items shall not be subject to requirements for seeking competitive quotes or bids. However, purchases of more than \$20,000 shall be presented to the City Council prior to acquisition with a request to waive bids and obtain approval for the purchase and approval

to enter a formal contract. Formal bidding for work or public improvements over \$20,000 may be waived by two-thirds vote of the City Council.

4.3 EQUIPMENT STANDARDIZATION

Occasionally, because of the technical nature of certain items, standardization of a particular supplier's specifications may be desirable upon the user department Director's documentation. In such a case, the final determining body for standardization will be the City Council. A decision to standardize must be weighed against:

- The problems associated with having only one supplier available; and,
- The economy of the alternative of non-standardization.

4.4 MANUFACTURER REPAIRS AND AUTHORIZED DEALERS/SELLERS

In some cases, expenditures involving the purchase, service, repair, modification, or calibration of equipment, can only be performed by the manufacturer of the equipment. The purchase of some items may only be available to be purchased from an authorized or regional dealer/seller.

4.5 TECHNICAL NATURE OF ITEM

In instances where the City has existing software, machinery or other technical equipment, the department is not required to make a purchase that would be incompatible with what the City has in place.

4.6 JOINT PURCHASING PROGRAM (COOPERATIVES)

Cooperative purchasing between the City of Crest Hill and the State of Illinois, other local governments, local and national cooperatives such as South Suburban Mayors and Managers Association (SSMMA) or the Suburban Purchasing Cooperative (SPC) and Sourcewell –*formerly National Joint Powers Alliance*, or arrangements with other organizations can result in significant savings on the purchase price of many items.

Department Heads are responsible for analyzing of the benefits of using cooperative purchasing arrangements. Based on their analysis, the Department Heads should make a purchasing recommendation to the City Administrator. Department Heads should research cooperative purchasing arrangements to ensure that competitive prices have been obtained.

4.7 VENDORS CURRENTLY UNDER CONTRACT

Vendors who are currently under contract or who serve as the City's designated vendor for system maintenance activities can be used for multiple projects if the City will receive a cost savings for the combined projects. An example would be if the City were to use the same vendor who installs the building security system to install additional equipment at the building.

4.8 PURCHASES BETWEEN \$5,000 AND \$20,000

There are occasions when past use of known vendors expedites the purchasing process. These expedited purchases increase City operation efficiency. The City Administrator or designee is authorized to waive the three quotes requirement when it is determined the City can quickly and effectively correct a problem or purchase an item.

SECTION 5 - DOCUMENTATION

5.1 CONTRACT SUBMISSION AND REVIEW

Contracts for goods or services less than \$20,000 must be reviewed by the City Administrator and may be reviewed by the City Attorney as determined by the City Administrator. Contracts for goods or services equal to or exceeding \$20,000 must be approved by the City Administrator and City Attorney, (if requested by the City Administrator), before submission to the City Council for consideration. Contracts resulting from competitive bidding may be submitted to the City Council for bid acceptance, contingent upon final contract approval by the City Administrator and City Attorney.

5.2 CONTRACT SIGNATURES

The City Administrator or designee will sign approved contracts between \$1,000 and \$20,000. Department Heads or designees will sign contracts for less than \$5,000. The Mayor will sign contracts over \$20,000 as approved by the City Council.