



City Council Policy: CP061 - Purchasing

Effective Date: April 15, 2013

Amends: CP061 - Purchasing, December 20, 1999

Approved By: City Council

I. SCOPE

II. PURPOSE

- A. To establish a uniform policy for bid solicitation, purchase order system, and approval of change orders. This policy is intended to provide a method for the most prudent and effective expenditure of City funds and for maximum protection of the taxpayer.

III. RESPONSIBILITY

- A. City Administrator

IV. DEFINITIONS

V. POLICY

A. Purchasing

1. A commodity or service should be obtained at the lowest cost possible consistent with the quality required to maintain efficient operations of city departments.
2. Even though the Governing Body approves a level of expenditures for any given program that in itself is not a permit nor is a directive to expend funds unless the need exists at the time of purchase and the item to be purchased within the budget limits. Purchases will not be made only because funds are available.

B. Bids from a minimum of three (3) vendors will be taken for any singular item purchased for the following amounts and by the following method:

1. No bids will be required for any singular item costing less than \$2,500. All departments are encouraged to solicit three (3) bids if the costs saved by bidding outweigh the administrative costs of soliciting bids.
2. Phone bids will be required for any singular item costing \$2,500 or more, but less than \$10,000.
3. Informal written price quotes will be required for any singular item costing \$10,000 or more, but less than \$20,000.
4. For any singular item costing \$20,000 or more, bids must be solicited by a notice in the paper and sealed bids will be received and opened by the City Clerk.
5. For capital improvements projects in excess of \$10,000, a City Charter Ordinance requires bids be solicited by a notice in the paper and sealed bids be received and opened by the City Clerk. The bids received must be lower than the Engineer's or Architect's estimate by state law.

C. Change orders can be approved by the Mayor without council approval, but subject to council ratification, in amounts which total no more than 5% of the original contract for each change order submitted. "Original Contract Amount" is defined as the base bid plus alternates added at the time the original contract was approved. Change orders for work unrelated to the original projects must have council approval.

1. All routine change orders will be included on the Consent Agenda.

D. Purchase orders will be required for items of expenditure purchased by the City as outlined below:

1. Purchase orders are not required for expenditures less than \$2,500.
2. For any single item expenditure of \$2,500 or more, but less than \$10,000, a purchase order is required with the Department Head and City Administrator's approval.
3. For any single item expenditure of \$10,000 or more, but less than \$20,000, a purchase order is required with the Department Head and Mayor's approval.
4. For any single item expenditure of \$20,000 or more, the Council must approve the expenditure prior to the preparation of a purchase order.

E. Expenditures Not Requiring a Purchase Order Are:

1. Expenditures of less than \$2,500.
 2. Monthly or regular expenditures for contractual agreements such as, but not limited to, the following:
 - a.) Lease agreement payments
 - b.) Utility payments Debt service payments
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- c.) Payroll liability payments
- 3. Blanket purchase orders may be used for those merchants from whom many repetitive purchases are made, as supplies are required. Blanket purchase orders may be used for items such as, but not limited to, the following: Office Supplies, Gasoline, Salt, Asphalt, Auto Parts, Tires, Tree Service, and Printing. If there is more than one accessible supplier, the bids will be taken and awarded to the best bidder. Bids may be taken on a yearly basis.
- 4. Emergency Purchases - An emergency shall be defined as situations when the department's operations would be severely hampered if the purchase were not made immediately. In these instances, the purchase order policy may be bypassed and the purchasing department will furnish a requisition as soon as possible. In these instances the Mayor shall have the authority to approve purchases in excess of \$20,000. "EMERGENCY" should be boldly written across the purchase requisition. The purchase order process should only be bypassed in extreme emergencies with department head approval.
- F. All other expenditures which are \$2,500 or more, not a regular expenditure, not a contractual expenditure, not covered by a blanket purchase order, and are not considered an emergency must have an approved purchase order BEFORE ordering. No warrant for payment shall be issued by the City unless a purchase order has been properly issued for the expenditure item.
- G. Tax Exempt Status
 - 1. The City is tax exempt as a political subdivision under Section 4221(b) of the IRS Code and K.S.A. 79-3606. Under Missouri Statute, the City's exempt status is valid only when items purchased from Missouri vendors are delivered within the State of Kansas.