



CITY OF PITTSBURG, KANSAS PURCHASING POLICY

INTRODUCTION

Centralized purchasing provides an opportunity by which the City of Pittsburg may maximize financial resources through the use of sound procurement practices. The City of Pittsburg's Finance Division shall embody the following principles:

The enhancement of managerial capabilities through centralized authority over purchases.

The philosophy of purchasing goods and services at the appropriate time, at the proper quantity and quality, at the best value.

The stimulation of competition for City purchases, minimizing the number of emergency purchases, proper planning, and the gathering of price quotations or bids.

The establishment and maintenance of cordial relationships with vendors.

The elimination of all avenues for potential abuse in public purchasing.

The efficient and effective use of the City of Pittsburg's financial resources.

PURPOSE

The purpose of this policy is to serve as a guide to all City personnel, establishing authority and limits relating to the purchase of materials, supplies, equipment or services by the City.

SCOPE

The City's purchasing policy is based upon State Statutes and City Ordinances. This policy shall apply to any expenditure of City funds. However, this policy shall not prevent the City from complying with the terms and conditions of any grant, gift, bequest or cooperative agreement.

ROUTINE PURCHASES

For non-emergency purchases exceeding \$250, but not over \$5,000, the Department Director shall make every effort to secure at least three price quotations. For non-emergency purchases exceeding \$5,000 but not over \$20,000, the Department Director shall secure quotations in writing from three qualified suppliers. When the goods are received, the Department Director shall submit the detailed invoice or receipt to the Finance Department. Department Directors shall not split purchases into two or more parts to avoid the \$5,000 threshold.

For non-emergency purchases exceeding \$5,000, the Department Director shall fill out a requisition form. Certain items bid, purchased, or contracted for on a yearly basis (i.e. airport fuel), items approved for purchase by the City Commission (i.e. capital outlay purchases such as a street sweeper), and recurring expenditures (i.e. utility bills, monthly lease payments, etc.) need not be requisitioned. The requisition form shall include the following:

Date

Vendor Information

The quantity, detailed description, and total cost (including freight charges, applicable taxes, and discounts) of each item requested

Justification for purchase

The budgeted expenditure account(s) to which the purchase shall be charged

In those situations where it is difficult to obtain a firm price, indicate a fair estimate of the cost. Also, for items which require at least three price quotations (explained above), such information is required on the requisition form.

The Finance Director shall review the requisition request to determine whether the item or service is included in the budget, or whether the purchase shall be delayed until a later date. The Finance Director shall approve the requisition, reject it, or consult with the Department Director as to alternatives. Once approved, the requisition shall be forwarded to the City Manager for final authorization. Once approved and authorized the Department Director may proceed with the purchase. A copy of the requisition form shall be attached to the invoice or purchase order and retained in the Finance Department for purchase authorization and audit purposes.

The City Manager has authority to purchase items and services up to \$20,000 without a requisition.

FORMAL SEALED BIDS

All purchases exceeding \$20,000 are subject to formal bidding procedures. Upon receipt of a requisition and specifications, the Purchasing Agent shall assist the City Clerk's office in preparing the legal advertisement for publication in the official City newspaper. The advertisement includes the time, date, and place of the bid opening and a summary of the items or services to be purchased.

All Formal Bids must be sealed and marked in accordance with the bid documents and received in the City Clerk's office prior to the time and date set for the opening of bids. The City does not accept faxed bids.

In the event that the formal bid process was followed two times for the same products or services and no successful bids were received, City can follow the process for routine purchases described above. Purchasing agent will request quotations in writing from at least three qualified suppliers.

WEIGHTED LOCAL PREFERENCE POLICY FOR FORMAL SEALED BIDS

Recognizing that our citizens financially support this community, providing local vendors with a weighted bid process in order to keep our tax dollars in Pittsburg is desired.

Local Pittsburg vendors shall receive preference in the amount of 3%.

The weighted bidding process is subject to the following requirements:

The weighted bidding process applies only if there is at least one local Pittsburg vendor. "Local Pittsburg vendor" means businesses located within the corporate City limits of Pittsburg.

There must be at least two bids submitted. The local Pittsburg vendor must comply with the bidding procedures.

The weighted bidding process shall not apply to construction projects, or to combined construction and equipment projects where construction costs exceed 50% of the total project.

The bid selected must still constitute the lowest and best bid submitted.

The weighted local bidders' policy is not applicable to purchases involving grant funds.

COMPETITIVE PROPOSALS

Under circumstances where the procurement involves highly technical or specialized services (computer network, software or engineering services, for example), it may be in the organization's best interest to use competitive proposal procedures whereby competitors' qualifications are evaluated and the most qualified competitor is selected, subject to negotiation of fair and reasonable compensation. In these instances, price is not used as a selection factor. Once the most-qualified firm is identified, only that firm is asked for a price proposal that is subject to negotiation of a fair and reasonable price. If negotiations with the selected firm are unsuccessful, this process is repeated with the next highest-ranked firm, until a fair and reasonably priced contract can be awarded.

The Request for Proposal or Quotation should clearly state the technical requirements for the goods or services required, be publicized to the extent practicable, and all proposals should be evaluated following the same procedure. At least three competitors should be considered if possible, and determination of the most qualified competitor and reasonableness of the contract price will need to be documented. All reasonable requests for consideration should be honored.

COOPERATIVE PURCHASING

Cooperative purchasing is a process by which two or more jurisdictions cooperate to purchase items from the same vendor. This form of purchasing has the benefit of reducing administrative costs, eliminating duplication of effort, lowering prices, sharing information, and taking advantage of expertise and information that may be available in only one of the jurisdictions.

The Purchasing Agent is authorized to participate in, sponsor, conduct or administer a cooperative purchasing agreement with one or more public bodies in order to combine requirements, increase efficiency or reduce administrative expenses. Participation in cooperative purchasing as described in this section is exempted from the competitive bidding and advertising requirements.

The Purchasing Agent is authorized to use the Kansas Division of Procurement or political subdivisions of the State, other governmental agencies, and/or public procurement cooperatives (i.e. Western States Contracting Alliance, US Commodities, Kansas City Regional Purchasing Cooperative, HGAC, etc.) in the purchase of supplies, materials, or equipment when such actions serve the best interest of the City.

If the Purchasing Agent determines that another jurisdiction or co-op has entered into a competitive contract that allows participation by the City (piggy-backing), the City may make purchases from such contracts.

LEASE AGREEMENTS AND LEASE PURCHASE AGREEMENTS

Lease agreements and lease purchase agreements must contain a non-appropriation clause pursuant to Kansas cash-basis law in accordance to K.S.A. 10-1116b and K.S.A. 10-1116c. All litigation and arbitration venues must be in Crawford County Kansas. Lease agreements shall not be in conflict with Kansas Statutes and City Policies. All lease agreements shall be reviewed by the Department Director, Purchasing Agent and City Attorney for approval.

The City Commission appropriates annual lease payments and/or lease purchase payments unless it chooses not to appropriate under the Kansas cash basis law. If lease payments and/or lease purchase payments are not appropriated, ownership of the property remains in the leasing party. At the conclusion of the lease term, the City either receives unencumbered ownership of the asset or receives an option to purchase the asset at a predetermined price.

SOLE SOURCE PURCHASES

In some instances, only one supplier is available for the required supply, service, or construction item due to uniqueness of the product, quality or performance of the item, or need to maintain uniformity with past purchases. The Department Director shall note on the requisition form when a purchase is made from a sole source vendor.

EMERGENCY PURCHASES

An emergency exists when a delay in purchasing would halt a City activity, put City personnel or the public at risk, or endanger City or private facilities. Department Directors shall attempt to avoid emergency purchases. In the event of an emergency purchase, a requisition after the fact shall be sufficient to inform the City Manager of the purchase.

DEPARTMENT RESPONSIBILITIES

It shall be the responsibility of the Department Director or designee to submit bid requests to the Purchasing Agent. After the bid opening, a formal summary sheet shall be prepared by the City Clerk's Office that identifies the bids received, and given to the Department making the purchase. A City Commission agenda item shall be prepared by the Department to include a brief memo that identifies why the item is needed, a departmental recommendation, a funding source, and the formal bid summary sheet. This agenda item shall be forwarded to the City Clerk and the City Manager and placed on an upcoming City Commission agenda for consideration by the Governing Body.

BID OPENINGS

Bid openings shall be conducted in a public setting in the City Hall Conference room, or other venue as designated in bid documents; at a time and date published in the official bid documents. Department Directors are expected to attend the bid openings if an item from their department is included. If the Department Director cannot attend, a designee from the department shall attend.

BID EVALUATION

The City evaluates the lowest responsive bid received from a responsible vendor to determine if it meets the minimum specifications. Factors that may be used to determine total cost may include unit price, installation, maintenance, training and cost of operation (as defined in the bid documents). In case of a discrepancy between a unit price and its extension, the lowest price shall be considered correct. The evaluation and selection shall be based on the criteria set forth in the bid documents.

REBID

A rebid event may become necessary for the following reasons:

All acceptable bids exceed the requesting department's cost estimates.

None of the bids meet the required minimum specifications.

None of the bidders comply with the Request for Formal Bid, Request for Proposal or Request for Quotation's terms and conditions.

No bids were received.

The requesting department needs to change specifications or quantity, which would have a significant impact on bid solicitation but, because of timing; such change cannot be handled by an addendum. The City reserves the right to accept, reject, or rebid any of or all parts of a proposal or quotation at any time.

AWARD

All bids shall be presented to the Governing Body for approval. Following Governing Body approval, the City Clerk's Office shall provide written notification to the lowest responsive and responsible bidder who meets the requirements and criteria in the bid documents. Conformity with the specifications and the delivery terms shall be considered in the award process. The bid results shall include a summary of vendor responses. All contracts, leases and lease purchases shall be awarded pending final approval of the Department Director and the City Attorney. Upon award, vendor must obtain a City business license pursuant to City code unless exempted by Federal or State law.

CHALLENGES

A challenge is defined as a written objection by a participating bidder regarding a bid, proposal or quote. The Department Director or designee shall investigate the written challenge and any evidence or documentation submitted with the challenge and issue a written decision. The decision rendered by the City is final.

The Written challenge of the bid specifications must be filed with the City Clerk, at least five (5) business days before the bid opening due date and time as listed on the bid documents. Any

challenge to bid specifications received after the five (5) business day's deadline shall not be considered by the City. The written challenge is to include the name, address, email address and telephone number of the challenging party, identification of the bid and project title, a detailed statement of the reasons for the challenge, supporting evidence or documentation to substantiate any challenges, and the form of relief requested, (e.g. the proposed addition, substitution or modification to the specifications.)

PROTESTS

A valid protest can only be filed by a bidder which can show that it would be awarded the contract if the protest were successful. Suppliers or subcontractors to a bidder or proposer cannot file a valid protest. The written protest must be filed with the City Clerk prior to 5:00 p.m. on the fifth (5th) business day following the day of issuing a written notification of award. A written protest related to the award of a contract after the five (5) business days deadline shall invalidate that protest and shall not be considered.

The written protest is to include the name, address, email address and telephone number of the bidder, identification of the bid and project title, a detailed statement of the reasons for the protest, supporting evidence or documentation to substantiate any arguments, and a concise statement of the form of relief requested (e.g. reconsideration of the bid award.) All the above required information must be included in the protest when submitted. Incomplete protests shall be rejected without consideration.

The decision of the City, based on review of the written protest and information available from City sources, shall be rendered within ten (10) business days after receipt of protest, recite the reasons for the decision, and be provided to the bidder by mail.

BID BONDS

There are three types of bonds which may be required in the purchasing process: the Bid Bond, Performance Bond and the Labor and Material Payment Bond. If required, the type(s) of bonds shall be specified in the bid packet. Construction projects, services, and major repairs to building equipment may require all three bonds. Vehicle and major equipment purchases exceeding \$100,000 may require a Bid Bond.

NON-COLLUSION BID AFFIDAVIT

In some instances, the City may require bidders to provide a non-collusion affidavit in the bid response. The bidders must complete the affidavit in accordance with the instructions included in the bid packet.

CERTIFICATE OF NON-DISCRIMINATION

In some instances, the City may require bidders to provide a completed certificate of non-discrimination in the bid response. The bidders must complete the certificate of non-discrimination in accordance with the instructions included in the bid packet.

CERTIFICATE OF INSURANCE

The bidder awarded the contract shall furnish a Certificate of Insurance certifying insurance coverage as specified in the bid specifications. The insurance company must state that the

contractual liability includes the liability of the City of Pittsburg assumed by the contractor in the contract documents. The certificate must also state that the City of Pittsburg shall be given written notice if the policy is cancelled or changed within ten days prior to the effective date. The "Certificate of Insurance" shall be furnished to the City. Updated Certificates are required for contract renewals.

PURCHASING CARD PROGRAM

The Purchasing Card Program establishes a more convenient, efficient, and cost-effective method of purchasing and paying for small dollar transactions. The program is intended to consolidate many small purchases and make one monthly payment to our sponsoring financial institution. The program is intended to complement the existing purchasing or payment methods.

This policy provides the guidelines which employees must follow when using a city purchasing card. The employee's signature on the Purchasing Card Agreement form indicates that the employee understands the intent of the program and agrees to adhere to the established policies.

The purchasing card is the property of the City of Pittsburg and is only to be used for City purchases as defined in this policy. Misuse of the card will subject the Cardholder to disciplinary action, up to and including termination.

A Cardholder who terminates employment with the City of Pittsburg must return the purchasing card to the Finance Director. Failure to comply will result in the withholding of the final payroll check from the employee until the card is returned. Likewise, a Cardholder who transfers to a position within the City that does not require a purchasing card must return the card to the Finance Director. Failure to comply will result in disciplinary action against the employee.

Cards are limited to \$5,000.00 in total transactions each billing cycle. Cards and card numbers must be safeguarded against use by unauthorized individuals. A renewal card will be automatically mailed to the City prior to the expiration date of the old card. Renewal cards will be distributed after expiring cards are returned.

CARDHOLDER RESPONSIBILITIES

The cardholder must sign the agreement form and the back of the card immediately upon receipt of the card.

If a purchasing card is lost or stolen, immediately notify the Finance Division at 231-4100.

The cardholder is responsible for the following:

- Security of the card and the transactions made
- Retaining invoices, sales slips, cash register receipts, and other documentation (documentation should be clearly marked that it is a purchasing card transaction)
- Ensuring the card is used only for City Business purchases
- Submitting their documentation to their Department Director or Supervisor within five days from the date of purchase for approval and coding
- Contacting the vendor to obtain copies of lost receipts
- In the event a receipt cannot be obtained, an email describing the purchase will be required from the Cardholder

In addition, the Cardholder is responsible for contacting and following up with the vendor on any erroneous charges, disputed items or returns as soon as possible. If the Cardholder is unable to reach agreement with the vendor, the Cardholder shall contact the Purchasing Agent at 231-4100. The Cardholder shall provide the Purchasing Agent with all of the information regarding the dispute.

PURCHASING WITH THE CARD

The purchasing card may be used to purchase goods or services in person (at the point of sale), over the telephone (or fax), by mail or on the internet.

When placing an order in person:

- Identify yourself as a City employee and show City ID if necessary
- State that it is a tax-exempt purchase and provide the tax-exempt number
- Obtain an itemized receipt

When placing an order by telephone (or fax):

- State that you are making a purchase using a Visa card
- State that it is a tax-exempt purchase and provide the tax-exempt number
- Provide the card number and the expiration date
- Provide information such as delivery address, description of items, etc.
- Verify the total cost of the purchase with the vendor. Request that the packing slip or receipt comes with the order, save it.

When placing an order on the Internet:

- Be sure to place orders on a secure Internet site
- Follow the instructions carefully
- Ensure the purchase is tax-exempt. If the online form depicts a charge for sales tax, do not complete the transaction. Instead, place the order by telephone.
- Print an online receipt of the completed transaction

PROHIBITED PURCHASES

The following types of charges are strictly prohibited:

- Cash advances, cash refunds
- Personal items
- Computer hardware or software without the approval of the Information Technology Division

This is not an all-inclusive list. Please check with your Department Director or the Finance Division if you have a question about whether a purchase is allowable. NOTE: Travel expenses charged to purchasing cards must follow the City's travel policy.

DEPARTMENT DIRECTOR RESPONSIBILITIES

The Department Directors are responsible for the following:

- Requesting a purchasing card for their employees from the Finance Division
- Approving, coding, and submitting receipts to the Finance Division within five working days from the date of the purchase
- Ensuring the charges on receipts are for City purchases and no sales tax (if applicable) was added to the transaction
- Coding the receipt with the appropriate account code
- Retrieving the card if an employee leaves the department, takes a leave of absence, or assumes different duties that does not require the use of the purchasing card

**To cancel a card or account, the Cardholder's Department Director should contact the Finance Director.

FINANCE DIVISION RESPONSIBILITIES/PAYMENT PROCESS

The Finance Director is responsible for the following:

- Requesting new cards and updating information with the issuing financial institution
- Notifying the employee when the card is available for pickup
- Providing the cardholder with a copy of the City's purchasing card policy upon delivery of the card
- Ensuring the cardholder signs the agreement form and the back of the card immediately (Signed forms will be retained in City records)
- Destroying cancelled cards

The Purchasing Agent is responsible for the following:

- Reconciling the monthly statement with the receipts turned in by all of the Department Directors
- Checking the receipts for verification of legitimate purchases and no tax (if applicable) has been added to purchases

If any receipts are missing the Purchasing Agent will making a copy of the statement, highlight the missing receipts, and send it to the Cardholder, the Supervisor and the Department Director in order to obtain the missing receipts. Once all receipts are received, the Finance Division will issue one payment to the issuing financial institution for the monthly statement.

**The Finance Director reserves the right to cancel card privileges at any time for failure to comply with Cardholder policies and procedures.

CARDHOLDER VIOLATIONS

Cardholder violations (which could lead to disciplinary action) include:

- Using the card for non-city related transactions
- Failing to return the card when you are reassigned, or by request
- Failing to submit receipts within five working days from the date of the purchase
- Failing to report a lost or stolen card
- Using card for unauthorized City purchases

GLOSSARY

Addendum - An addition or supplement to a document.

Best Value - A selection process in which proposals contain both price and qualitative components, and award is based upon a combination of price and qualitative considerations. Qualitative considerations may include technical design, technical approach, quality of proposed personnel, and/or management plan. The award selection is based upon consideration of a combination of technical and price factors to determine the offer deemed most advantageous and of the greatest value to City.

Bid - A written offer to perform a contract to provide goods or services to the City in response to a bid opportunity.

Collusion - When two or more parties act together secretly to achieve a fraudulent or unlawful act. May manifest itself in the form of bid collusion when bidders secretly agree to unlawful practices regarding competitive bidding. May inhibit free and open competition in violation of antitrust laws.

Contract - Any written instrument or electronic document containing the elements of offer, acceptance, and consideration to which the City is a party.

Contractor - An individual, company, corporation, firm or combination thereof in which the City enters into a contract for the procurement of goods or services.

Cooperative Purchasing- Cooperative purchasing is a process by which two or more jurisdictions cooperate to purchase items from the same vendor.

Design-Build - A project delivery method in which the City contracts with a single entity for both the design and construction/implementation of a project.

Designee - A duly authorized representative of a Department Director.

Emergency Purchases - Purchases necessary for preservation of life or property or to avoid serious disruption of City operations.

Invitation for Bids (IFB) - All documents used to solicit competitive or multi-step bids.

Lease Agreements - A contract by which one party (lessee) enters into a contract with a second party (lessor) for possession and use of property (equipment) for a specified period of time at a predetermined cost.

Lease Purchase Agreements - A lease in which the lease payments are applied, in whole or in part, as installment payments for equity or ownership upon receipt of full payment.

May- Denotes the permissive.

Protest - A written objection to a proposed award, or the award of a contract, with the intention of receiving a remedial result.

GLOSSARY continued

Request for Proposal (RFP) - The document used to solicit proposals from potential providers for goods and services. Price is usually not a primary evaluation factor. Provides for the negotiation of all terms, including price prior to contract award. May include a provision for the negotiation of best and final offers. May be a single step or multi-step process.

Requests for Quotation (RFQ) - A small order amount purchasing method. Generally used for small orders under a certain dollar threshold. A request is sent to suppliers along with a description of the commodity or services needed and the supplier is asked to respond with price and other information by a pre-determined date. Evaluation and recommendation for award should be based on the quotation that best meets price, quality, delivery, service, past performance and reliability.

Requisition - An internal purchasing document sent by a Department Director to the Finance Division; a detailed request to purchase goods or services, replenish stocks, or obtain materials for specific jobs or contracts.

Responsible Bidder -A contractor, business entity or individual who is fully capable to meet all of the requirements of the solicitation and subsequent contract. Must possess the full capability, including financial and technical, to perform as contractually required. Must be able to fully document the ability to provide good faith performance.

Responsive Bidder - A contractor, business entity or individual who has submitted a bid or proposal that fully conforms in all material respects to the IFB/RFP and all of its requirements, including all form and substance.

Shall/Must - Denotes the imperative.

Specification - A precise description of the physical or functional characteristics of a product, good or construction item. A description of goods and/or services. A description of what the purchaser seeks to buy and what a bidder must be responsive to in order to be considered for award of a contract. Specifications generally fall under the following categories: design, performance, combination (design and performance), brand name or approved equal, qualified products list and samples. May also be known as a purchasing description.

Vendor- A supplier/seller of goods and services. A reference to a provider of product or service.