

CITY OF FREEPORT



PURCHASING POLICY

2007

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TABLE OF CONTENTS

1.1 INTRODUCTION 5
 A. Purpose of Purchasing Policies 5
 B. Periodic Review of Purchasing Policies 5

1.2 GENERAL PROCUREMENT REQUIREMENTS 5
 A. Competitive Procurement Policy 5
 B. Purchasing Agent 6
 C. General Guidelines for Purchases of \$500 or Less 7
 D. General Guidelines for Purchases of \$501 or More..... 7
 E. General Guidelines for Purchases of \$5,001 or More 7
 F. Purchases within Approved Budget 7

1.3 CODE OF CONDUCT 7
 A. Prohibition Against Acceptance of Gifts 8
 B. Conflict of Interest 8
 C. Prohibition Against Purchases for Personal Use 8

1.4 PLANNING PURCHASES OF GOODS AND SERVICES..... 8
 A. Use of Approved Budget as Planning Tool 8
 B. Encumbrance for Purchase Requests 9

1.5 CENTRALIZED PURCHASING..... 9

1.6 SELECTING THE APPROPRIATE METHOD OF PROCUREMENT 9
 A. Procurement Method..... 9
 B. Specifications Required 10
 C. Bid Procedures 11
 D. Exceptions 11

1.7 VENDOR DELIVERY AND PERFORMANCE 12
 A. Acceptance of Goods from Vendor 12
 B. On-going Monitoring of Vendor Performance 12
 C. Closeout..... 12
 D. Evaluation Process 12

1.8 MAINTENANCE OF RECORDS 12

1.9 SPECIAL PROCUREMENT PROVISIONS..... 13
 A. Repair and Maintenance of Equipment..... 13
 B. Public Improvements..... 13
 C. Local Preference 14
 D. Recurring Needs for the Same Item 14
 E. Cooperative Purchasing..... 14
 F. Sole Source Procurements 14
 G. Emergency Procurements 15
 H. Purchase of Used Equipment 15
 I. Recycled Products..... 15

1.10 REQUIREMENTS FOR WRITTEN CONTRACTS 15

1.11 CONTRACT ADMINISTRATION..... 15

1.12 DISPOSAL OF SURPLUS GOODS 16

1.13 PENALTIES FOR VIOLATION OF PURCHASING POLICIES 16

**CITY OF FREEPORT
PURCHASING POLICY**

1.1 INTRODUCTION

A. Purpose of Purchasing Policies

These contract and procurement policies describe requirements for purchasing of goods and services for or by all departments, divisions and offices of the City of Freeport, including elected officials. These policies provide guidance on implementing the City's competitive procurement policy with integrity, and in a fair and open manner. It is the City's objective, and the role of the Purchasing Agent, to ensure that Departments receive the goods and services they need in the right quality and quantity, on a timely basis, as efficiently as possible, and at the lowest overall cost.

The policies include general procurement requirements, selecting an appropriate method for procurement, the utilization of centralized purchasing where appropriate, requirements for the bid process, and an explanation of when contracts with providers of these goods and services are required. The policy also describes responsibilities for monitoring vendor performance, and includes a code of conduct for all employees involved in making purchasing decisions.

B. Periodic Review of Purchasing Policies

This policy will undergo a review, at least annually, and will be adjusted if necessary. This will help to assure that all of the City's purchasing objectives can continue to be met, as well as to accommodate any change in circumstances which might warrant a policy change.

1.2 GENERAL PROCUREMENT REQUIREMENTS

A. Competitive Procurement Policy

It is the policy of the City of Freeport that the principle of competitive bidding and economical procurement practices is applicable to all purchases and contracts by or on behalf of the City. All procurement practices will be conducted in an open manner, through a process which assures that the goods and services procured by the City are procured in a manner which is economical, expeditious and commercially reasonable. Competitive purchasing will be used unless otherwise authorized in this policy. Whenever competitive purchasing is used, purchases will be made from the lowest responsible bidder, taking into account the cost or price, as well as the following:

1. the skill, capacity and ability of the bidder to perform the contract or provide the service required;
2. whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;

3. the quality of the bidder's performance on previous contracts or services, as well as the experience and efficiency of the bidder in performing similar services or providing equivalent goods to the City;
4. previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
5. the sufficiency of the financial resources and the ability of the bidder to provide the required goods or services;
6. the quality, availability and adaptability of the bidder's supplies or services;
7. the ability of the bidder to provide any future maintenance or service required to support the purchase; and,
8. the number and scope of conditions attached to the bid by the vendor.

B. Purchasing Agent

The Finance Director is the Purchasing Agent for the City of Freeport, with overall responsibility for purchasing or contracting for all goods and services necessary for effective City operations. All purchases and contracts must be coordinated through the Purchasing Agent, or the designee of the Purchasing Agent. The Purchasing Agent has the right to reject any requests for pre-approval or requests for purchase approval received from Department Directors in the following circumstances:

1. The Department Director has not supplied the Purchasing Agent with adequate justification for a purchase when such justification is required.
2. The proposed vendor has been determined as unqualified to provide the good or service to the City because one or more of the requirements identified in Section 1.2 A. are not met, or the proposed vendor appears on the Purchasing Agent's list of unsatisfactory vendors.
3. The Purchasing Agent has determined that granting approval of the requested purchase would provide no benefit to the City of Freeport or its citizens.
4. The Department Director is requesting an item for which no appropriation exists and no funding source can be identified to pay for the purchase.

If the Department Director is in disagreement with the decision of the Purchasing Agent, the Department Director has the right to request a meeting to appeal the decision to the Mayor within ten (10) days of receiving the decision. Such a meeting shall include, at a minimum, the Purchasing Agent, the Mayor and the Department Director who is in

disagreement with the decision of the Purchasing Agent. The Mayor will make a final determination.

C. General Guidelines for Purchases of Less Than \$500

Except for those items designated in Section 1.5 as subject to a centralized purchasing process, Department Directors have the authority to make purchases of less than \$500 without prior approval from the Purchasing Agent, as long as such purchases are made in accordance with Section 1.6 B.1. The Department Director may delegate some or all activities relative to these purchases, however the Department Director remains fully responsible and accountable for purchases made under his or her authority.

D. General Guidelines for Purchases Between \$501 and \$5,000

No goods or services costing \$500 or more can be ordered or acquired without prior approval from the Purchasing Agent. Department Directors are accountable and responsible for seeking this approval before making these purchases.

E. General Guidelines for Purchases of \$5,001 or More

Unless a sole source procurement process is authorized by the Purchasing Agent in accordance with Section 1.9 F., purchases of goods and services which cost between \$5,001 and \$10,000 must be made pursuant to a written Request for Quotation, and purchases of goods and services costing \$10,001 or more must be made pursuant to a written Invitation for Bid or Request for Proposal. City of Freeport staff are also required to enter into a written contract for all purchases which cost \$5,000 or more, in coordination with the Purchasing Agent unless the requirement for the contract is specifically waived by the Purchasing Agent.

F. Purchases within Approved Budget

Adherence to this purchasing policy does not relieve Department Directors from continuing to assure that the purchases to be made from their Department budgets do not exceed their authorized level of expenditures, nor does it relieve them from any established oversight requirements of the City Council or applicable committees of the City Council. Department Directors who are contemplating a purchase that will exceed their budget must receive approval from the Purchasing Agent before **any** steps are taken to procure the goods or services in question.

1.3 CODE OF CONDUCT

A. Prohibition Against Acceptance of Gifts

Any City official or City employee involved in making procurement decisions, or otherwise involved in the procurement process, is prohibited from soliciting or accepting rebates, gifts, favors or anything of monetary value from current or potential contractors or suppliers. The only exception to this prohibition is for unsolicited items singly valued at \$25 or

less. In no case are officials or employees permitted to accept any amount of coinage or currency as a gift or gratuity. Any exception to this prohibition must be approved, in advance, by the Corporation Counsel.

B. Conflict of Interest

No City officer may be personally interested in any contract or work performed for the City. Any City official, City Council member, or City employee involved in making procurement decisions or otherwise involved in the procurement process, must disclose to the Corporation Counsel, or publicly disclose in accordance with state statute, any financial or personal interest, direct or indirect, in a prospective contractor, subcontractor or supplier which might cause a conflict of interest. A conflict of interest is created when a City official or employee, or any member of his or her immediate family, is a partner in or receives a financial or other valuable interest, direct or indirect, in a firm which is a current or prospective contractor, subcontractor, or supplier to the City. The City Council may waive compliance with this provision when it is determined by the Council to be in the best interest of the City.

C. Prohibition Against Purchases for Personal Use

City officials and City employees are prohibited from purchasing items for personal use with City funds. They are also prohibited from using the City's name or their position to obtain special consideration for personal purchases.

1.4 PLANNING PURCHASES OF GOODS AND SERVICES

A. Use of Approved Budget As Planning Tool

As a part of each Department's annual budget preparation process, Department Directors anticipate the types and amounts of goods and services which will be needed by the Department during the upcoming year. Generally, two types of needs can be anticipated:

1. new equipment, or equipment required to replace existing equipment; and
2. goods and services routinely required to support Department operations during the year.

After the City's appropriation ordinance has been approved by the City Council, Department Directors shall use the information gathered during the budget preparation period to determine the appropriate method of procurement to use for each purchase, and to prepare a timetable for procuring these goods and services which allows sufficient time to take the steps required to comply with procurement policies. Small orders and last minute purchases should be minimized. This permits the Department and the Purchasing Agent to obtain the maximum discounts possible, and minimizes the amount of clerical and supervisory time spent on documenting purchases.

B. Encumbrance for Purchase Requests

When the Purchasing Agent approves a Department Director's request to purchase goods or services, the amount of the purchase will be encumbered, or set aside, from the appropriate line item in the Department's budget. This encumbrance will be lifted only upon the express written request of the Department Director, in the event that an approved request for purchase does not result in a purchase.

1.5 CENTRALIZED PURCHASING

The City of Freeport will make purchases in bulk of items commonly used by all Departments, and these items will be maintained by the Purchasing Agent in a central location or by the vendor. These items are not to be purchased directly from vendors by Department Directors without prior approval from the Purchasing Agent. It is the City's policy to fill requisitions for centrally-purchased items within one working day or less if requested items are in stock, or within two working days if requested items are not in stock.

1.6 SELECTING THE APPROPRIATE METHOD OF PROCUREMENT

A. Procurement Method.

All purchases made by City employees or City officials must be made using one of five competitive procurement methods, depending on the cost of the item to be purchased. The estimated cost applies to any item singly valued at that cost. Pre-approval of the solicitation instrument and pre-approval of the purchase must be obtained from the Purchasing Agent, or from the appropriate City Council Committee when required by this policy. Every effort should be made to purchase goods or services from the lowest cost provider when possible.

The following table identifies when each competitive procurement method applies to procuring goods and services:

<i>Estimated Cost of Single Item</i>	<i>Procurement Method to Use</i>	<i>Position With Oversight Authority</i>
Under \$500	Informal Procurement Quotes may be obtained over the telephone	Department Director
Between \$501 - \$5,000	Small Procurements Written quotes are required	Purchasing Agent or City Council Committee at the discretion of Purchasing Agent
Between \$5,001 - \$10,000	Request for Quotations Written quotes and contract required	Purchasing Agent or City Council Committee at the discretion of the Purchasing Agent or if there is no specific appropriation for item to be purchased
Over \$10,000	Invitation for Bids (for purchases in which cost is the sole evaluation criterion) Formal bids and contract required	City Council Committee in all instances
Over \$10,000	Request for Proposals (for purchases of professional services where more than one evaluation criterion exists) Formal proposals and contract required	City Council Committee in all instances

B. Specifications Required.

For all methods of procurement except Informal Procurement, specifications for the goods or services to be purchased are required. Specifications, regardless of the type, should:

- Identify minimum requirement;
- Allow for a competitive bid;
- Be capable of objective review; and,
- Provide an equitable award at the lowest possible cost.

Purchasing Agent may require bid deposits or performance bonds as appropriate, and that requirement must be identified in the bid specifications. Every contract for public work of any kind shall include a bond for all material used and for labor performed in such work with sureties in a sufficient amount.

Any and all bids, in whole or in part, or contractual services included in a proposed contract, may be rejected, when the public interest will be served by doing so. The bid of any contractor who is in default on the payment of taxes, licenses or other moneys due the City will be rejected.

No contract or purchase shall be subdivided to avoid the requirements of this policy.

The following general guidelines apply to the preparation of specifications:

- Specifications shall be reasonable and shall be written with clear and simple language.
- Specifications shall promote competition. Specifications may allow bidders to provide the City with alternatives.
- A brand name or known standard on the market may be used to identify the equipment or material required. However, all specifications that utilize a brand name must include the term “or equivalent”.
- Department Directors contemplating flexible specifications, particularly where new technologies are being sought, shall contact the Purchasing Agent to discuss the format.

C. Bid Procedures.

All bids and Requests for Proposals shall be addressed and delivered to the City Clerk’s office by the bid deadline. The Clerk shall date and time stamp all bids and hold them in the vault until the day of bid opening.

At the appointed date and time the bids shall be opened. The following persons shall be notified of such opening, and a minimum of three, or their designees, must be present for the bid opening to proceed:

- Finance Director;
- Purchasing Agent;
- Appropriate Department Head;
- Appropriate City Council Chairperson or Committee member; and
- Corporation Counsel;

Once the bids are opened, the appropriate City personnel shall collect the bids, review them, and prepare a comparative summary analysis and a written recommendation to the appropriate Council Committee.

The Administration shall provide the following information to the appropriate Council Committee at the next appropriate meeting:

- Photocopies of each bid;
- A comparative summary analysis of the bids; and,
- A written recommendation of the Administration’s choice and reasons.

The Committee will then make a recommendation to the Council.

D. Exceptions:

The procurement methods identified in the table must be used at all times with the following exceptions:

1. Emergency Purchases (1.9 G.)

2. Sole Source Procurements (Section 1.9 F.)

1.7 VENDOR DELIVERY AND PERFORMANCE

A. Acceptance of Goods from Vendor

Before goods are accepted, Department Directors are responsible for assuring the acceptability of these goods by review, evaluation or inspection. Assurance that these goods are acceptable must occur upon acceptance of the delivery and documentation of such must be provided by the Department Director to the Purchasing Agent before the Purchasing Agent will honor the vendors' request for payment.

B. On-going Monitoring of Vendor Performance

Department Directors are expected to maintain close monitoring of product performance as well as the performance of all vendors of goods or services during the life of the relationship with the vendor, and to require the vendor to initiate corrective action as soon as a problem is identified.

C. Closeout

At the close of the contract or relationship with a vendor, Department Directors are responsible for complying with all closeout procedures identified in Section 1.7 C.2. For all services costing over \$5,000, Department Directors are required to provide the Purchasing Agent with a written evaluation of the service provider.

D. Evaluation Process

The City of Freeport must conduct evaluations of *providers* of both goods and services as well as *goods* purchased for City use. The process used to conduct the evaluation differs based on the type of provider.

1.8 MAINTENANCE OF RECORDS

Department Directors must maintain records on all purchasing requests and the basis for purchasing decisions for purchases of \$500.00 or less. The Purchasing Agent must maintain records, including accepted bids, on all purchasing decisions of over \$500. Records on all purchasing requests and decisions must be maintained for a minimum of three years following the end of the contract period or the date of the purchase of goods or services. These records are to be open to the public for inspection in accordance with the provisions of the Illinois Freedom of Information Act.

1.9 SPECIAL PROCUREMENT PROVISIONS

A. Repair and Maintenance of Equipment

Bids for the repair or maintenance of equipment are procurements and must comply with procurement procedures. Request for repairs and maintenance expected to exceed \$500 must take into consideration an estimate of the item's remaining useful life, its repair history, and whether it is more beneficial to repair or replace the item.

B. Public Improvements

In compliance with specific requirements in state law, procurement of public improvements not to be paid for in whole or in part by special assessment or tax are to be awarded by one of the following methods:

- a. To the lowest responsible bidder after advertising for bids. For the purposes of this section, in cases where the contract is in an amount greater than \$50,000.00, "responsible bidder" means a bidder who meets all of the following applicable criteria, and submits evidence of such compliance:
 - (1) All applicable laws prerequisite to doing business in Illinois;
 - (2) Evidence of compliance with:
 - (a) Federal Employer Tax Identification Number of Social Security Number (for individual);
 - (b) Provisions of Section 2000(e) of Chapter 21, Title 42 of the United States Code and Federal Executive Order No. 11246 as amended by Executive Order No. 11375 (known as the Equal Opportunity employer provisions);
 - (3) Certificates of insurance which names the City of Freeport as an additional insured, in minimum limits as established by the City, indicating the following coverage's: general liability, workers' compensation, completed operations, automobile, hazardous occupation, product liability and professional liability;
 - (4) Compliance with all provision of the Illinois Prevailing Wage Act, including wages, medical and hospitalization insurance and retirement for those trades as covered in the Act;
 - (5) Participation in an apprenticeship and training program approved and registered with the United States Department of Labor's Bureau of Apprenticeship and Training.
- b. By contract upon approval of 2/3 vote of the City Council.

C. Local Preference

Purchases are to be made from local vendors whenever possible and these local vendors are to be included in the competitive procurement process. If two or more bids are received and if proposed cost, quality and quantity of goods or services are equal, preference is to be given to the local bidder if applicable.

D. Recurring Needs for the Same Item

Department Directors may, through the procurement policy and procedures provided herein, select a vendor to supply goods or services anticipated to be needed periodically during the City's fiscal year, without the need to re-bid. This can be done through specifying a range of dates spanning the entire fiscal year, in the RFQ process described in Section 1.6 B.3, the IFB process described in Section 1.6 B.4, or the RFP process described in Section 1.6 B.5.

E. Cooperative Purchasing

The City of Freeport will participate in the cooperative purchasing programs sponsored by the State of Illinois when it is determined by the Purchasing Agent that the best interests of the City are to be served. Purchases made through these programs have met the requirements of competitive procurement and require no further action or documentation. Alternatives to Cooperative Purchasing should be pursued by the Purchasing Agent for purchases of \$5,000 or more.

F. Sole Source Procurements

a. Sole Source Procurements are allowable in the following circumstances:

- When goods or services may only be economically procured from a single source;
- When there is no price variation of the goods procured;
- In emergencies involving public health or safety or the protection of public property in which obtaining three quotations was not practicable;
- When the services required are for unique professional or artistic skills and are pursuant to a written contract; or,
- When a competitive solicitation also fails to produce more than one bidder.
- In the case of used vehicles or equipment, which are of a nature and type that typically would not be retained by the seller for the period of time it would take to comply with this Policy.

b. It is the general policy of the City to enter into contracts for professional services on a project by project basis, after utilizing an appropriate RFP/RFQ process. In the case of recurring services the Purchasing Agent shall utilize an RFQ/RFQ process on a bi-annual basis. For State or Federally funded projects, these provisions shall not supersede professional service selection requirements of either entity.

c. Any exception to these limitations on sole source procurement requires prior approval from the Purchasing Agent.

G. Emergency Procurement Procedures

In an emergency, when immediate acquisition of goods or services is required to safeguard public health or safety, or to protect against further loss or damage to property, the Purchasing Agent may waive some or all competitive procurement procedures, while still seeking competition as much as possible in the circumstances. **VERY** few circumstances qualify as emergencies, and **ALL** emergency purchases will be reported to the Mayor and the City Council.

H. Purchase of Used Equipment

The purchase of used equipment shall be considered, with prior approval of the Purchasing Agent, in the following situations:

- when price is of prime importance and the difference in cost between new and used equipment is significant
- when equipment will be used infrequently, for a limited time, for training only, or for auxiliary operations, or
- when faster delivery is essential, and more easily obtainable for used equipment

When used equipment is procured, Department Directors must obtain a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are reasonably available.

I. Recycled Products

It is the City's policy to, where economically feasible, purchase office supplies made of recycled materials, and to make every effort to separate and properly dispose of recyclable materials.

1.10 REQUIREMENTS FOR WRITTEN CONTRACTS

Department Directors have primary responsibility for developing contracts for all purchases made by their Department which cost over \$5,000, and for coordinating the contract development process with the Purchasing Agent and Corporation Counsel. The Purchasing Agent has the authority to waive the requirement for contracts when circumstances dictate and with approval of Corporation Counsel. No contract is valid unless signed by the Mayor.

1.11 CONTRACT ADMINISTRATION

Department Directors are responsible for monitoring the performance of vendors on an on-going basis and for proposing any necessary contract amendments to the Purchasing Agent and Corporation Counsel. The Purchasing Agent may independently conduct a performance review of a vendor at any time.

Throughout the contract period, the Department Director has responsibility to identify any need for changes in the terms or conditions of the contract which require a contract amendment. The Department Director is required to notify the Purchasing Agent and Corporation Counsel of all such changes.

1.12 DISPOSAL OF SURPLUS GOODS

All goods identified as being surplus, obsolete or no longer needed by the City will be sold through a competitive process to fully realize the value of the goods identified for disposal. No sale of goods valued at \$5,000 or less may be consummated without prior approval of the Mayor and goods valued at over \$5,000 may not be sold without prior approval of the City Council.

1.13 PENALTIES FOR VIOLATION OF PURCHASING POLICIES

Any City employee or City official making purchases in violation of purchasing policies for the City of Freeport is subject to the following penalties:

- An elected official is subject to censure by the City Council;
- An appointed official may be removed from office by the Mayor or may be suspended;
- An employee is subject to disciplinary action up to and including termination; and,
- An agent of the City may have his, her or its contract or agreement terminated immediately.

Any purchases made by City employees or City officials which do not comply with the purchasing policies are considered not approved by the City Council and the City is not bound by these purchases.