

City of South Hutchinson Procurement Policy

Purpose

The purpose of the City of South Hutchinson Procurement Policy is to provide a complete source of purchasing information and detailed procedures for the centralized purchasing of all commodities, contractual services and equipment, in accordance with the references and as approved by the City Council. The policy serves as a guide to those who are granted purchasing privileges on behalf of the City of South Hutchinson.

Application

Department Head positions are authorized to make purchases for the city up to \$1,000. Any purchase exceeding \$1,000 or for professional services and fixed assets must be approved either by the City Administrator or City Council prior before making the purchase. Department Heads are authorized to designate purchasing agents within their departments with prior approval of the City Administrator. When practical, Department Heads should obtain three quotes prior to making purchases. Quotes received for purchases \$1,000 and under can be accomplished via phone, in person, in writing or via fax, but need to be recorded.

The City Administrator is authorized to approve and make purchases for the City of South Hutchinson up to \$5,000. Any purchase exceeding \$5,000 must be approved by the City Council prior to making the purchase. Bids and the purchases of fixed equipment \$2,000 or more, not already approved in the budget process, require City Council approval. The City Administrator will report all purchases approved in excess of \$3,000 to the limit of \$5,000 to the City Council on a monthly basis.

PROCUREMENT PROCEDURES

Small Purchases (\$10,000 to \$25,000)

This method is used when goods or services cost in the aggregate more than \$10,000 but less than \$25,000.

- (1) Price or rate quotes are obtained from an adequate number of qualified sources (generally three). Written specifications are provided to assure all responders are bidding on the same product or service. Bid requests will be published in the City of South Hutchinson Official Newspaper and on the city website a minimum of 30 days prior to bid date except with approval of the City Council. All bids shall be opened publicly at the time and place stated in the invitation for bids.
- (2) Documentation regarding the businesses contacted and the prices submitted are maintained.
- (3) Written documentation regarding basis for selection and cost are maintained.

- (4) Any and all bids may be rejected when there are sound documented business reasons in the best interest of the City of South Hutchinson. All unsuccessful bidders must be notified in writing.

Competitive Sealed Bids (\$25,000 and over)

Competitive sealed bids are initiated by publishing an Invitation for bids (IFB) when the cost is estimated to be over \$25,000. Invitation to bid notices will be published twice, as a minimum, in the City of South Hutchinson Official Newspaper. One publication must be within a minimum of 30 days prior to bid date except with approval of the City Council. Publication on the city website must be within a minimum of 30 days prior to the bid date except with the approval of the City Council. The City Council is the approving authority for all competitive sealed bids. All bids shall be opened publicly at the time and place stated in the invitation for bids.

- (1) Detailed specifications for the goods or services to be procured are prepared. The primary basis for award is cost and quality.
- (2) All bids received are tabulated and reviewed according to the written criteria given to prospective bidders. The contract awarded must be a fixed-price contract.
- (3) Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required (after confirming the contractor is not on the Federal debarred list).
- (4) Any and all bids may be rejected when there are sound documented business reasons in the best interest of the City of South Hutchinson. All unsuccessful bidders must be notified in writing.
- (5) Bid bonds, performance bonds, payment bonds, or other equivalent security shall be required to protect the City's interests. Any such bonding requirements shall be set forth in the bid notice. Bonds shall be provided by a surety company authorized to do business in Kansas, or the equivalent in cash, or otherwise supplied in a form satisfactory to the City. Unsuccessful bidders or offerors shall be entitled to the return of any cash deposit.

Competitive Negotiations

Competitive negotiations are initiated by publishing a Request for Proposals (RFP) or Request for Qualifications (RFQ). At a minimum, all qualified firms should be notified. The RFP is used when price is a factor in selection; the RFQ is used when price is considered after selection (this is usually applicable only for architectural and engineering services). Adequate time is allowed for preparation of RFP or RFQ for at least 30 days. Copies of RFP or RFQ will be published on the city website a minimum of 30 days prior to review. Copies will also be available at the city office.

- (1) In both the RFP and RFQ, the services to be procured are clearly defined, as are the factors to be used in evaluation and selection. A written basis of selection must be prepared.

- (2) All proposals received are to be reviewed according to the written criteria given to prospective bidders and the review should be in writing, basis of selection must be documented.
- (3) For RFQ's, an invitation is made to one or more respondents to negotiate a price or fee.
- (4) Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required.
- (5) All unsuccessful bidders must be notified in writing.

Non-Competitive Negotiations

Non-competitive negotiations are used only when (1) the use of competitive negotiations is not feasible, such as only one supplier, (2) there is some public emergency, or (3) the results of the competitive negotiations are inadequate.

- (1) Negotiations are conducted with the selected company regarding a scope of work and price.
- (2) Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required.
- (3) Sole source purchases must be approved by the City Administrator or City Council.

Emergency Situations

It is recognized that emergency situations occasionally arise in City operations. In emergency situations it is up to the judgment of the City Administrator or Department Head to make a responsible decision regarding obtaining required goods and services.

These emergency situations arise when an immediate decision may preclude excessive costs at a later date and in some situations even save individual lives or injuries. The City Administrator and all Department Heads are charged with the responsibility to determine if an emergency situation exists and to make necessary decisions if higher authority is unavailable.

Cooperative Bidding and State Bid Awards

It is sometimes beneficial to group the City's requirements with the like requirements of other cities, counties, or agencies. This results in lower costs to all parties while maintaining the integrity of each entity's bidding requirements.

The State of Kansas bids many common requirements and makes the award results available to any governmental agency. State bid awards enable government agencies to purchase goods and services at a reduced price due to quantity discounts and do not require the bidding process by individual agencies. State bids are considered to meet the sealed bid requirements of the city's procurement policy.

The City Staff shall make every reasonable effort to purchase goods and services from suppliers located within the City of South Hutchinson or Reno County if the goods or services needed by the City are available from such suppliers at a competitive price, and if the goods and services are of the level of quality expected by the City.

Contracts

Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required for all contracts over \$1,000. At a minimum, all contracts must include the following:

- (1) Effective date of contract
- (2) Name and addresses of the locality and firm
- (3) Names of representatives of locality and firm who will act as liaison for administration of the contract.
- (4) Citation of the authority of the city/county under which the contract is entered into and source of funds.
- (5) Conditions and terms under which contract may be terminated by either party, both termination for cause and termination for convenience, and remedies for violation/breach of contract.

ETHICS IN PUBLIC CONTRACTING

Criminal Penalties

To the extent that violations of the requirements set forth in this section constitute violations of Kansas State Statutes they shall be punishable as provided by those statutes. Such penalties shall be in addition to the civil sanctions set forth in this section.

Employee Conflict of Interest

Public employees must discharge their duties impartially so as to assure fair competitive access to governmental purchasing by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of the City purchasing organization.

Any attempt to realize personal gain through public employment by conduct inconsistent with the proper discharge of the employee's duties is a breach of a public trust.

Gratuities and Kickbacks

- (1) *Gratuities*: It shall be unethical for any person to offer, give, or agree to give any current or former City employee a gratuity or offer of employment in order to manipulate, influence or circumvent any decision, recommendation, or purchase request made by the City. This includes influencing the content of any specification or purchasing standard to favor any party or group. It shall be unethical for any current or former City employee to solicit, demand, accept, a gratuity or an offer of employment in exchange for undue

influence, manipulation or circumvention of any decision, recommendation, or purchase request made by the City.

Gratuities shall be defined as offers of employment or any gift, meal, trip, good or service that exceeds \$30.00 in value. Gifts provided to the City will be distributed equitably among all employees by a method approved by the City Administrator.

- (1) *Kickbacks*: It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated with the contractor, as an inducement for the award of a subcontract or order.

Use of Confidential Information

It shall be unethical for any employee, former employee, or representative of the City to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

Sanctions

- (1) *Employees*: Employees found to have violated one or more of the ethical standards in this policy shall be subject to the disciplinary sanctions prescribed in the *City of South Hutchinson Personnel Manual*, up to and including termination.
- (2) *Nonemployees*: The City Administrator may impose any one or more of the following sanctions on a nonemployee for violations of the ethical standards:
 - (a) written warnings or reprimands
 - (b) termination of contracts, not entered into by the City Council
 - (c) banning or suspending vendors from City business
- (3) *City Council Contracts*: The City Council may impose any one or more of the following sanctions on a nonemployee for violations of ethical standards:
 - (a) written warnings or reprimands
 - (b) termination of contracts
 - (c) banning or suspending vendors from City business

Recovery of Value Transferred or Received in Breach of Ethical Standards

- (1) *General Provisions*: The value of anything transferred or received in breach of the ethical standards of this policy by a City employee or a nonemployee may be recovered from both City employee and non-employee.
- (2) *Recovery of Kickbacks by the City*: Upon a showing that a subcontractor made a kickback to a prime contractor or a higher tier subcontractor in connection with the award of a subcontract or order, it shall be conclusively presumed that the amount of the kickback was included in the price of the subcontract or order and ultimately borne by the City. Kickbacks will be recoverable from the recipient. In addition, that amount may also be recovered from the subcontractor making such kickbacks. Recovery from one offending party shall not preclude recovery from other offending parties

DISPOSAL OF CITY PROPERTY

Disposal of city property or goods shall follow the following requirements:

- 1.) Goods with an expected value of less than \$5,000 may be disposed of in the most appropriate manner with the authorization of the City Administrator.
- 2.) Upon approval of the City Council, goods with an expected value of over \$5,000 may be disposed of by either a trade-in, public auction, or by solicitation in the city newspaper.
- 3.) All items which might be donated to another town or non-profit organization shall require approval of the City Council.
- 4.) All interests in real property, both leasehold and fee interest, will require approval of City Council.

Sale proceeds resulting from the disposal of city property shall be placed in the appropriate fund.

Each Department shall establish a procedure for maintaining an up-to-date property and inventory record of all equipment, except expendables, held by the city. The City Administrator or City Clerk must be advised of any disposal in order to maintain insurance records.

MISCELLANEOUS FINANCIAL ISSUES

City Purchasing Records

(1) *Contract File*: All contracts shall be maintained for the City in a file by the City Clerk.

(2) *Retention of Purchasing Records*: All purchasing records shall be retained and disposed of by the City in accordance with records retention guidelines and schedules as required by Kansas statutes.

City Issued Checks

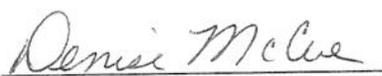
The Mayor, City Treasurer, City Clerk or a designated alternate must sign all checks. One of the three signatures may be a stamped signature – two must be original.

EFFECTIVE DATE

This policy shall take effect once adopted by vote of the City Council and signed by the Mayor. Adopted by the City Council and signed by the Mayor this 16th day of November 2010.


Weldon Cook, Mayor

ATTEST:


Denise McCue, City Clerk