

# **CITY COMMISSION AGENDA**

City Hall Commission Chambers

Monday, April 5, 2010

6:00 p.m.

MEETING #4801

## **CALL TO ORDER**

## **ROLL CALL**

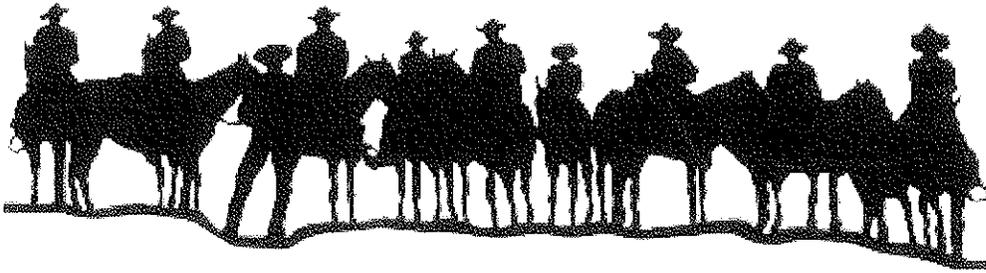
## **EXECUTIVE SESSION**

Attorney/Client Privileged Matters

## **WORK SESSION**

Purchasing Policy

## **ADJOURNMENT**



March 31, 2010

MEMO

TO: Ken Strobel, City Manager  
Cherise Tieben, Assistant City Manager

FROM: Nannette Pogue, Finance Director/City Clerk *NP*

SUBJECT: Draft Purchasing Policy

Attached is the proposed purchasing policy to be discussed by the City Commission at their work session on April 5. The proposed policy was initiated because there were several questions that arose from our current policy and questions about the need for a local business preference.

The intention has always been to have centralized purchasing in order to ensure that supplies or services are purchased at fair and competitive prices and ensure that sound business practices are utilized in all procurement transactions. Some of the departments have migrated away from centralized purchasing and this proposed policy will clarify the purchasing function and bring it back to a purchasing department that will oversee and assist departments in their acquisitions. Mike Klein is the Purchasing Agent. As his duties have expanded into Public Works Supervisor, he no longer has the time to dedicate to be the sole purchasing agent, but wishes to maintain the duties. So, in order to accommodate him, the purchasing department will consist of Mike Klein, Corey Keller and Barb Slagle. Barb and Corey will assist Mike in the details.

The staff, who worked on the proposed purchasing policy, was Barb Slagle, Corey Keller, Mike Klein and Nannette Pogue. We started with the current purchasing policy and looked at other Cities' policies and incorporated some of what they had in theirs in order to clarify ours. The result is the attached proposed policy. The black print depicts our current policy, the blue are policy changes and the green are language from other

cities' policies. Most of the green language is for the "local business preference" wording in the policy. Barb obtained copies of several policies across the state in order to look at the "local business preference" wording. Also attached with this policy is some of the different wording in other policies and the name of the City that has those policies.

Besides any changes, additions or deletions in the policy, the other portion of this policy that the City Commission will want to make a decision on is the local business preference. We would recommend a combination of wording from Option 5 and Option 6 that would strongly state that the City is conscious of the economic impact created by purchasing goods and services locally and reserves the right for the City Commission to award bids to local vendors if it is deemed to be in the best interest of the City.

The department heads have reviewed the proposed policy. I didn't have any written comments from them, except for some grammatical changes.

If you have any questions or wish additional information prior to the Work Session on Monday evening, please let me know.

## DRAFT - PURCHASING POLICY

Policy changes = Blue

Other Cities' policies = Green

NAME OF POLICY: Purchasing  
Date of Initial Adoption: July 16, 1979  
Date of Revised Policy: **January 15, 2010**  
Department Involved: All Departments

**PURPOSE.** It is the goal of the City of Dodge City Purchasing Department to assist departments in acquiring the materials, supplies or services that are required at a fair and competitive price. It is the purpose of the purchasing policy to ensure that sound business judgment is utilized in all procurement transactions and the supplies, equipment, construction and services are obtained efficiently and economically and in compliance with applicable local, state and federal laws. The Purchasing Policy, as established and approved by the City Commission, shall be a guideline of purchasing information and procedures for purchasing of all supplies, equipment, construction and services of and for the City of Dodge City.

The Purchasing Department shall consist of a Purchasing Agent and/or his/her designee(s) hereinafter referred to as Agents responsible for purchases. The Purchasing Dept. or Agents responsible for purchases, pursuant to rules, regulations, or ordinances, shall contract for, purchase, store and distribute all supplies, materials and equipment required by any office, department, or agency of the City government. The Purchasing Department shall:

1. Act as the central purchasing department of the City.
2. Prepare, solicit and approve Bids/Quotations/Proposals for all items and/or services of \$5,000 or more.
3. Coordinate the purchasing process with the user department and the ultimate vendor.
4. Maintain a file of specifications and approve and send out all specifications prior to their being sent out for bid.
5. Coordinate purchases of items and/or services that may be utilized by more than one department.
6. Maintain a vendor/bidder list and make source selections consistent with City policy.
7. Assist departments in planning purchases for submission of the annual budget.
8. Represent the City on disputed bills, terms, etc.
9. Coordinate joint governmental purchases and auctions when it is in the best interest of the City of Dodge City to participate.

All City employees should familiarize themselves with the regulations set forth herein and shall adhere to the procedures and practices established by this purchasing policy. All purchases will be reasonable and be within budget and policy guidelines. The City Manager, Finance Director and Agent responsible for purchases are aware that exceptions to the Purchasing Policy may occur as needs and responsibilities change. The City Manager, therefore, reserves the right to waive regulations established in this policy so long as the spirit and intent of this policy is upheld. **Once this decision is made it shall be communicated to the Purchasing Department.** The

Agent responsible for purchases is prepared to offer assistance whenever a need arises. Proper planning by Departments with assistance from the Agent responsible for purchases will eliminate duplication of effort and increase City purchasing power by consolidating purchases and encouraging competition among vendors.

**JOINT GOVERNMENTAL PURCHASES.** The City of Dodge City may join with and cooperate with other cities, school districts, counties, state or federal agencies for the purchase of supplies, goods and/or services when the City of Dodge City deems it to be in the best interest of the City.

**SPECIFICATIONS FOR PURCHASES.** All specifications, including but not limited to design, performance, combination and brand name specifications, shall be drafted so as to provide a clear and concise description of the material, service or construction desired.

1. Before any purchase, the Purchasing Department may cause to be prepared written specifications detailing the City's requirements for the material, service or construction. The Purchasing Department may request other departments or agencies of the City to assist in preparation of specifications for purchase to be made primarily for such department or agency.

**PURCHASES LESS THAN \$5,000.** Department Heads may authorize purchases under \$5,000. They shall insure that two or more quotations are obtained for purchases over \$500.

1. Each Department will identify specific personnel eligible to make authorized purchases. A list of those personnel shall be given to the Purchasing and Accounts Payable Departments and kept updated. Such personnel shall be given a copy of this purchasing policy and shall be familiar with its contents.
2. The City issues purchase cards to authorized employees. All employees having a purchase card will sign an agreement as to the use of these cards.
3. Personal items will not be purchased by the City. (example: desk clocks, book ends, wall frames, tissue, clothing not considered a uniform, etc.)
4. Department Heads shall ensure that all purchases made by their department are for a public purpose and shall maximize the purchasing value of public funds (taking into consideration the life cycle of the product).

**PURCHASES MORE THAN \$5,000 BUT LESS THAN \$15,000.** Purchases for products or services in excess of \$5,000 but less than \$15,000 will follow the procedures outlined below. Such purchases shall be approved by the City Manager or Assistant City Manager following review of price quotations by the Agent responsible for purchases. The Agent responsible for purchases or Finance Director may authorize purchases in the absence of the City Manager/Assistant City Manager.

1. Purchases of products in excess of \$10,000 require a purchase order number before that purchase will be authorized. Purchase order numbers shall be obtained from the Accounts Payable Department. If this policy is not followed, the purchase may not be authorized.
2. Purchase orders shall be in writing with firms who can supply the needed products or services. Purchase orders may be made orally only on an emergency basis and after a purchase order number is received from Accounts Payable.
3. Written price quotations or bids are required from a minimum of three vendors if available. Written documentation including date, vendor, salesperson, quantity and price for the item must be submitted and maintained with the purchase order.

PURCHASES IN EXCESS OF \$15,000. All purchases in excess of \$15,000 shall have the proper approval of the Governing Body after bids/proposals have been received and will also follow the policy listed above regarding purchase orders. Bids/proposals shall be accompanied by an estimate from the appropriate authority and shall be advertised in the local paper.

Exception: Purchases for Public Works Improvements (Infrastructure, i.e. streets, water, sewer) of less than \$25,000 need not be advertised.

1. Purchases of \$15,000 but not exceeding \$25,000 may be put on the Consent Calendar portion of the City Commission agenda.
2. Bid notices shall be published in the official newspaper by the City Clerk or the Purchasing Department a minimum of one (1) time with the first publication being not less than seven (7) days prior to the bid opening. Bid notices shall also be published on the City web site and e-mail notifications will be sent to all vendors signed up for e-notification on the City web site, [www.dodgecity.org](http://www.dodgecity.org). Bid notices shall be prepared by the Agent responsible for purchases or City Clerk prior to publication. All bids requiring Commission approval will be opened in the City Manager's Conference Room or another place designated by the City Clerk at 2:00 p.m. on the designated Tuesday. Exception: If prior arrangements are made with the City Clerk's office, the time of bid opening may be changed. The department head or other authorized department representative will be at the bid opening.
3. All bids shall be marked on the outer envelope "Sealed Bid for \_\_\_\_\_." Bids will be accepted by mail or in person at City Hall, P.O. Box 880, 806 N. 2<sup>nd</sup> Avenue, Dodge City, KS 67801. Bids received prior to the bid opening time will be kept in the City Hall safe.
4. The Agent responsible for purchases will maintain a schedule of bid openings that provides updated information regarding when bids are to be opened. One copy of the bid specs will be kept at City Hall.
5. All requests for bids will include a contact person from the purchasing department where additional information can be obtained.

6. Bids which are received that do not follow these procedures may not be submitted to the City Commission for approval.
7. After the bid/proposal is approved by the Governing Body, [the Agent responsible for purchases](#) shall obtain a purchase order from the Accounts Payable Department. The Purchase Order shall be made in writing to the vendor authorized by the Governing Body.
8. The City Manager is authorized to waive these procedures when it is deemed necessary to make a purchase on an immediate basis. The City Manager shall inform the Commission [and Purchasing Department](#) of any such activities.

[PURCHASE CARDS.](#) The Purchase Card (p-card) program is designed to improve efficiency in processing purchases from any Vendor that accepts a VISA Procurement card. Each p-card is issued to a named City employee who is responsible for all purchases made with his/her card. The City of Dodge City is clearly identified on the card. All purchases made with p-cards must follow the above listed guidelines in this policy. See [Addendum A, City of Dodge City Purchase Card Policy](#).

[\\*LOCAL BUSINESS PREFERENCE.](#) \*(See attached page 7 with optional wording)

[SOLE SOURCE PURCHASES.](#) A contract may be awarded or a purchase made without competition after a good faith review of available sources is conducted by the City Purchasing Department and upon approval by the Purchasing Department and the City Manager. When it is determined that there is only one source for the required product, the City Manager, Finance Director or Purchasing Department may then conduct negotiations as appropriate as to price, delivery and terms.

Circumstances that require a sole source purchase may include, but are not limited to: (1) no competitive product or availability from only one supplier; (2) the purchase of a component or replacement part for which there is no commercially available product, and which can be obtained only from the manufacturer; (3) the purchase of an item where compatibility is the overriding consideration, such as to maintain standardization or compatibility, or to match materials already in use to produce visual harmony; (4) the purchase of a used item; or (5) the purchase of a product for trial or testing.

Sole source can refer to the supplier as well as a product or service. Thus the ability to meet a delivery date or to provide on-call repairs can create a sole supplier condition. Justification for a sole source purchase depends on a needed item being available from only a single supplier under the prevailing conditions. If the item may be obtained from more than one source, price competition shall be solicited.

[EMERGENCY PURCHASES.](#) An emergency condition exists when there is a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failure, etc. The condition must create an immediate and serious need for supplies, equipment,

materials, and/or services that cannot be met through normal procurement procedures and the lack of which would threaten the function of City government or its programs. Any department may make emergency purchases when an emergency arises, however with such competition as is possible under the circumstances. Purchases shall be limited to only the quantity necessary to meet the emergency and in no event shall the contract price exceed commercially reasonable prices. If the emergency arises after normal working hours, the appropriate department shall notify the Purchasing Department on the next working day.

**COMPETITIVE NEGOTIATION.** In competitive negotiation, proposals are requested from a number of sources and a Request for Proposal is publicized. Competitive negotiations may be used if conditions are not appropriate for the use of competitive sealed bids. The following requirements shall apply for Competitive Negotiations:

1. The City of Dodge City may utilize competitive negotiation procedures for procurement of architectural/engineering professional services, or other professional services whereby competitor's qualifications are evaluated and the most qualified competitors' qualifications are selected subject to negotiation of fair and reasonable compensation.
2. Proposals shall be solicited from an adequate number of qualified sources to permit reasonable competition consistent with the nature and requirements of the procurement. The Request for Proposal shall be publicized in local and regional media and reasonable requests by other sources to compete shall be honored to the maximum extent practicable. The request shall be published in the local newspaper at least one time, 7 days prior to the proposal deadline.
3. The Request for Proposal shall identify all significant evaluation factors, including price or cost and their relative importance.
4. Awards may be made to the responsible responder whose proposal will be most advantageous to the City with price and other factors considered. Unsuccessful responders will be notified promptly.

**NONCOMPETITIVE NEGOTIATION:** Noncompetitive negotiation is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate or in the event of a public emergency when the urgency for the requirement will not permit a delay incident to competitive solicitation.

**SMALL, MINORITY AND WOMEN'S BUSINESS ENTERPRISES:** The City of Dodge City shall solicit qualified small, minority, and women's businesses in compliance with the requirements of this policy.

This policy is effective immediately and shall apply to all purchases including those which involve State or Federal funds.

Adopted by the Governing Body of the City of Dodge City, Kansas, \_\_\_\_\_, 2010.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

OPTIONAL WORDING FOR LOCAL BUSINESS PREFERENCE:

Option 1\*LOCAL BUSINESS PREFERENCE. No provision is made in this policy for dollar percentage or other types of preferential considerations for local vendors or contractors. It is the policy, however, to solicit bids from local suppliers whenever competitive local sources exist, and where no sacrifice or loss in price or quality would result. In the event of a tie bid between a local vendor and an out-of-town vendor, award will be made to the local vendor, if all factors, including price, quality, terms, and method and cost of delivery are equal. (City of Hays Purchasing Policy)

Option 2\*\*LOCAL BUSINESS PREFERENCE. Vendors located within the corporate limits of the City of \_\_\_\_\_ may be preferred vendors. These vendors shall receive a 5% bid allowance (up to a maximum of \$ \_\_\_\_\_) in comparison to the lowest responsible bid. In those cases where Federal funds are used for purchases, the City of \_\_\_\_\_ will prefer bidders in accordance with applicable Federal laws. (City of Winfield Purchasing Policy)

Option 3\*\*\*LOCAL BUSINESS PREFERENCE. In order to encourage local business, the City encourages purchase of materials and supplies from local suppliers, provided that the cost, quality and ready availability of the product are competitive. Up to a 5% local vendor cost differential will be allowed. (City of Arkansas City Purchasing Policy)

Option 4\*\*\*\*LOCAL BUSINESS PREFERENCE. City Staff shall make every reasonable effort to purchase goods and services from suppliers located within the City of \_\_\_\_\_ 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. If purchases are not available, quality is not acceptable, or are available at a more than 5% savings outside the City of \_\_\_\_\_, it is permissible to obtain the goods or services from vendors located outside the corporate limits of the City of Dodge City. When practical, the Purchasing Department shall document four (4) quotes prior to making purchases. (City of Hutchinson Purchasing Policy)

Option 5\*\*\*\*\* LOCAL BUSINESS PREFERENCE. The City Commission is conscious of the economic impact created by purchasing goods and services locally; therefore, the City reserves the right to award bids to local vendors if it is deemed to be in the best interest of the City. (City of Emporia Purchasing Policy)

Option 6\*\*\*\*\* LOCAL BUSINESS PREFERENCE. The City Purchasing Department shall make every reasonable effort to purchase goods and/or services from suppliers located within the City of \_\_\_\_\_. (City of Gardner Purchasing Policy and City of Shawnee Purchasing Policy)

Other cities surveyed: Garnett, Ottawa, El Dorado – no policy, but try to purchase local if possible; Roeland Park, Newton, Merriam – no local business preference given