

City of Wyoming, Michigan
Administrative Policy

Department - Purchasing	
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Subject: Purchasing Policy and Procedures	

City of Wyoming
Purchasing Policy and Procedures

City of Wyoming Purchasing Policy and Procedures

This Purchasing Policy and Procedures establishes the City's official purchasing rules and regulations. All purchases must be carried out in accordance with applicable Laws, Ordinances and Administrative Policies.

Employees are responsible for ensuring that the acquisition of products, repairs and services are made in conformance with City Charter and Code Requirements and the policy and procedures established herein.

TANGIBLE ITEMS

Based on the value of a purchase, bids or comparative quotations, purchase approvals and purchase documentation must be completed as shown:

Cost of Purchase	Purchase Approval Required	Bids or Comparative Quotes Required	Purchase Documentation Method Required
Over \$7,500	City Council Approval	Sealed bid required unless emergency or sole source.	Electronic request for a purchase order.
\$1,001 - \$7,500	Finance and Purchasing Approval	At least two quotations.	Electronic invoice entry and request for approval. Prefer electronic request for a purchase order.
Up to \$1,000	Finance and Purchasing Approval	Comparative quotes not required.	Electronic invoice entry and request for approval. Prefer electronic request for a purchase order.

The City of Wyoming Charter and Code requires that purchases of a tangible item in excess of \$7,500 or multiple homogeneous tangible items (example: office supplies, paper products) totaling in excess of \$7,500 require formal sealed bids to be obtained. No sale or purchase shall be divided for the purpose of circumventing the dollar value limitation.

REPAIRS AND MAINTENANCE OR PROFESSIONAL SERVICES

Based on the value of the repair and maintenance or professional service, bids or comparative quotations, purchase approvals and purchase documentation must be completed as shown:

Cost of Repair or Service	Purchase Approval Required	Bids or Comparative Quotes Required	Purchase Documentation Method
Over \$8,500	City Council Approval	Sealed bids preferred. City Manager may authorize acceptance of quotations instead of sealed bids.	Electronic request for a purchase order.
\$1,001 - \$8,500	Finance and Purchasing Approval	At least two quotations.	Electronic invoice entry and request for approval. Prefer electronic request for a purchase order.
Up to \$1,000	Finance and Purchasing Approval	Comparative quotes not required.	Electronic invoice entry and request for approval. Prefer electronic request for a purchase order.

While preferred, formal sealed bids are not required for repairs and maintenance or the employment of professional services. For repairs and maintenance and the employment of professional services up to \$8,500, the selection process and methodology shall be determined by the appropriate Department Head. Repairs and maintenance and the employment of professional services in excess of \$8,500 require City Council approval. The using department shall prepare a memorandum and submit it electronically to the Purchasing Department for attachment to a Resolution for City Council consideration. The memorandum shall include detailed information including the reason, dollar amount, recommended vendor and general ledger account to be charged.

Pre-approved Contractors

The Purchasing Department maintains a data base of pre-approved contractors that have valid Certificates of Insurance and Hold Harmless Agreements on file. The Pre-Approved Contractors List is available on the Purchasing page of the Intranet site. Work shall not commence unless the appropriate Certificates of Insurance and Hold Harmless Agreements are on file.

For repairs and maintenance and services that are going to be completed without a sealed bid, departments shall use a pre-approved contractor. Refer to the instructions on the Purchasing page of the Intranet site for instructions on how to request adding contractors to the Pre-Approved Contractors List.

For repairs and maintenance and services for which sealed bids are accepted, the insurance requirements and Hold Harmless Agreement must be included in the bid specifications.

CONTRACTS AND AGREEMENTS

All contracts and agreements must be executed in accordance with the City Charter and Administrative Policies. The City Council has the authority to contract on behalf of the City. The City Manager may also contract on behalf of the City in accordance with the Charter.

No employee other than the City Manager has the authority to contract on behalf of the City. Based on the value of the contract or agreement, the approval, execution and legal review required are as shown below.

Contract for Tangible Items:

Dollar Amount of Contract/Agreement	Approval Required	Execution	Legal Review Required
Over \$7,500	City Council Approval – authorizing Mayor and City Clerk or City Manager to execute	Mayor and City Clerk. City Council may also authorize City Manager	City Attorney
\$500 - \$7,500	City Manager	City Manager	City Attorney
Under \$500	City Manager	City Manager	None

Contract for Repairs and Services:

Dollar Amount of Contract/Agreement	Approval Required	Execution	Legal Review Required
Over \$8,500	City Council Approval – authorizing Mayor and City Clerk or City Manager to execute	Mayor and City Clerk. City Council may also authorize City Manager	City Attorney
\$500 - \$8,500	City Manager	City Manager	City Attorney
Under \$500	City Manager	City Manager	None

Any contract or agreement in an amount of \$500 or more made with form or terms other than the standard City Purchase Order shall, before execution, be submitted to the City Attorney for review and approval as to form and legality. In accordance with the City Charter, a copy of all contracts or agreements requiring such opinion shall be filed in the office of the City Clerk.

Any amendment to a contract which will result in the total combined worth of the contract exceeding the dollar limitations contained herein shall be approved in accordance with the City Charter, Code and Purchasing Policy as summarized above.

ADDITIONAL INFORMATION

Budget Accounts

Coding of expenditures by object is detailed in the current budget. This account structure may vary slightly from year to year; as such, it is necessary to review accounts whenever a new budget is presented. Questions regarding proper coding of purchases, repairs and services shall be directed to the Finance Department.

Budget Adjustments

If an account class (personnel services, supplies, other services and charges, and capital outlay) within an activity is over budget, a budget adjustment is required before the purchase will be approved.

Capital Assets and Fixed Asset Report Form

Capital assets are as defined in the City of Wyoming Financial Administration Policy 1 – Fixed Assets/Capital Outlay. When any new capital item is acquired by a department, it will be assigned to the Fixed Asset Inventory by the Finance Department.

When any capital item is disposed of, traded-in or transferred to another department, it shall be the disposing department's obligation to complete and submit to the Finance Department an Asset Disposal Form for each item being disposed of, traded-in or transferred at its time of disposal, trade-in or transfer.

Contract Purchase Orders

Contract Purchase Orders are used to facilitate the acquisition of products and/or services from a particular vendor over an extended period of time. Contract Purchase Orders are generally used to: 1) facilitate the acquisition of goods that have been formally bid and which will be ordered from the vendor on an as needed basis at the accepted bid price(s) over a specific bid period or; 2) to provide City departments with a more flexible method of acquiring frequently required goods and services such as hardware, lumber, plumbing and electrical supplies.

Each department is responsible for ensuring that goods and services procured using Contract Purchase Orders are in accordance with the Charter requirements and policies established herein.

As Contract Purchase Orders are often issued for use by more than one department, employees shall inform the vendor of the department and employee making the purchase and request that the information be included on the invoice.

Cooperative Purchasing

The City may join with other units of government in cooperative purchasing plans provided that the Charter and Code requirements related to sealed bids and approval of the City are met, with the exception of those requirements pertaining to publication, bidders' lists, bid posting and the bid opening procedure.

Disposition of City Owned Property

Sale and disposition of property shall be completed in accordance with the City Charter, Code, Purchasing Policy and the City's Theft Policy. Sale of property in excess of \$7,500 requires formal sealed bids and City Council approval.

Emergency Purchases and Repairs

Emergency situations may arise relative to City equipment and facilities which require immediate corrective action be taken. Notification of the emergency purchase in excess of \$7,500 or repairs in excess of \$8,500 shall be made to the City Manager and Purchasing Department prior to the occurrence.

In the event it is not possible to inform the City Manager and Purchasing Department prior to the purchase or repair, notification shall be made as soon as possible after the occurrence.

These types of purchases and repairs will require subsequent City Council approval; as such, the using department shall submit a detailed memorandum to the Purchasing Department for attachment to a Resolution for Council consideration at the next regularly scheduled Council meeting.

Emergency repairs and purchases are usually made on an urgent and non-competitive basis. Emergencies created through a lack of planning must be avoided.

Inspection of Materials

The responsibility for the inspection and acceptance of all materials, supplies and equipment shall rest with the ordering department; therefore, before signing an invoice for payment, be sure the correct item(s) were received and are in satisfactory condition.

Leases

If the City has the option to return the property at the end of the lease, it shall be considered a service and subject to the requirements contained herein for the acquisition of repairs and services.

If the City does not have the option to return the property at the end of the lease, it shall be considered a purchase and shall be subject to the requirements contained herein for the acquisition of tangible items.

Lease purchase agreements shall be reported to the Finance Department by the using department.

Performance and Lien Bonds

Performance bonds ensure the project will be completed in the event the successful bidder is unable to do so and lien bonds ensure all suppliers, subcontractors, etc., are paid in the event the successful bidder is unable to do so.

When the bid specifications require the vendor awarded the bid to submit performance and lien bonds to a specified person in the using department prior to beginning any work on a project, it shall be that specified person's responsibility to ensure that: 1) the City is in possession of the performance and lien bonds prior to the commencement of any work on said project and; 2) the certificates are in proper form and have been reviewed and approved by the City Attorney.

Except in cases of construction contracts, purchases involving large sums of money, or purchases in which failure to perform would result in loss to the City, performance and lien bonds are, in most instances, needless and expensive.

Petty Cash

Items, repairs or services which cost less than \$50, and are obtained from a vendor that City does not have a Contract Purchase Order, may be obtained by a department directly from the vendor. The cost will be reimbursed by the Finance Department from petty cash upon presentation of a paid invoice. The purpose of this procedure is to eliminate the overhead cost associated with the acquisition of items, repairs and services of less than \$50 in value. Exceptions to the \$50 limitation will be considered when in the best interest of the City as determined by the Finance Director. Remember when making a petty cash purchase, the City is exempt from paying sales tax; therefore, please inform the firm from which you are making the purchase that the item being purchased will be utilized by the City and no sales tax is to be charged.

Software

Formal sealed bids are not required for the acquisition of computer software usage licenses. For such acquisitions up to \$8,500, the selection process and methodology shall be determined by mutual consensus between the using department and the Information Technology Department on a case by case basis. Acquisitions in excess of \$8,500 require City Council approval. The using department shall submit a memorandum to the Purchasing Department for attachment to a Resolution for City Council consideration. The memorandum shall include adequate justification and concurrence from the Director of Information Technology.

Standardization

When deemed to be in the best interest of the City, the City Council shall have the right to authorize the standardization on a particular brand item and/or product line of items purchased and utilized by the City.

Sureties

Whenever the bid specifications require a bid to be accompanied by a bid surety, whether it be in the form of a bid bond, certified check or some other monetary form, it is done to ensure that upon award of bid, the bidder will enter into a contract with the City and will submit all required insurance certificates, the Hold Harmless Agreement and performance and lien bonds to the using department within the time period specified in the bid specifications.

A successful bidder shall forfeit any bid surety required by the City upon failure to enter into a contract or to provide the City with all specified Certificates of Insurance, the Hold Harmless Agreement and performance and lien bonds within the time period specified in the bid specifications, and the City may exercise all legal options available.

Except in cases of construction contracts, purchases involving large sums of money, or purchases in which failure to perform would result in loss to the City, bid sureties are, in most instances, needless and expensive.

Tax Exempt Verification

A written letter verifying the City's tax exemption status, if required, is available from the Finance Department.

Transportation Charges

All purchases shall be delivered F.O.B. City of Wyoming if at all possible. Under this form of delivery the seller not only pays the freight, but also assumes all risk to goods in transit except those borne by the carrier.

No "Cash on Delivery" orders shall be placed by any department.

Utilities

Competitive bidding shall not be required for utility vendors (natural gas, electric, telephone services, water and sewer).

Warranties and Guarantees

The City purchases many items that have a warranty or guarantee for a certain length of time. Each department shall be responsible for maintaining an up-to-date warranty/guarantee file for items purchased by the department. Before any item is repaired or replaced, the aforementioned file shall be reviewed to determine whether said item is covered by a warranty or guarantee.

SEALED BIDS, REVIEW OF BIDS AND RECOMMENDATION FOR AWARD OF BID

If a sealed bid is required, the using department shall submit a memorandum and specifications to the Purchasing Department. The memorandum shall include the following information:

- The name of the department making the request.
- The name of the person making the request.
- The date of the request.
- The requested bid opening date (if critical and time sensitive). Note: the City Code requires publication in the official newspaper of the City at least five business days preceding the bid opening date. Adequate time shall be allowed for review of the bid by the Purchasing Department and submittal to the official newspaper of the City, which also has deadlines for publication.
- The complete number of the budget account from which the purchase, repair or service will be made.
- For tangible items - a complete listing of items to be purchased including detailed specifications (preferably in a Word document submitted electronically to Purchasing). Manufacturer's standard published literature and specifications pertaining to the item(s) being purchased should also be included.
- For repairs and professional services – a complete listing of work to be completed including detailed specifications (preferably in a Word document submitted electronically to Purchasing).
- The quantities of each item to be purchased.
- Complete company name, contact name, mailing address, telephone number, fax number and email address of prospective bidders.

Specifications

Specifications submitted to the Purchasing Department shall be standardized to the degree that maximum competition can be obtained without compromising required quality and performance standards. The description of the item, repair or service to be bid should be definite and precise so as to eliminate any possibility of misunderstanding between the department submitting the specification, the Purchasing Department and the bidders.

Trade and brand names, manufacturer's catalog and model numbers are usually helpful for descriptive purposes to guide the bidder in interpreting the requirements of the City; however, they should not be construed as excluding bids on equivalent goods.

Trade-In Equipment

In the event existing City owned equipment is to be included for consideration of trade-in on purchases of like equipment, the bid specifications submitted to the Purchasing Department shall be accompanied by a complete description of the equipment being offered for trade-in. The information provided shall include a general description of the equipment, make, model year or age, serial number, mileage or hours of usage, accessories included, and any other pertinent data. The name and telephone number of a contact person for answering questions and/or arranging viewing of the equipment shall be provided to the

Purchasing Department for inclusion in the bid specifications. The using Department shall also complete and submit an Asset Disposal Form to the Finance Department.

Review, Evaluation of Bids and Recommendation for Award of Bid

Once the bids have been opened, the Purchasing Department will scan the documents into the document imaging system for department tabulation, review and evaluation. Upon completion of the review and evaluation process, the using department shall submit a memorandum with recommendation for award of bid electronically to the Purchasing Department. The memorandum will be attached by the Purchasing Department to a Resolution for City Council consideration. The memorandum shall at minimum include the following information:

- Description of item, repair or service bid.
- Reason for the purchase.
- Number of invitations to bid that were sent out.
- Number of bids received.
- Summary of bidders and total amount of each bid (a tabulation sheet can be referred to and attached).
- Recommendation for award of bid. If recommending purchase from other than the low bidder, a complete, adequate justification must be included. If bidders did not meet specifications, specific information must be included in the memorandum detailing where specifications were not met and why they can't be accepted.
- General ledger account to which purchase, repair or service will be charged.
- Budget adjustment if required. If so required, the department shall send a copy of the memorandum as well as a budget adjustment to the Finance Department in addition to the Purchasing Department.

BID SURETIES

If a bid surety is required as part of the bid specifications, and is in a monetary form, it will be processed as follows:

- The Purchasing Department will deposit in the Treasurer's Department immediately following the bid opening and receipts will be provided to the Purchasing and Finance Departments.
- The using department shall notify the Purchasing Department in writing when the Certificates of Insurance, Hold Harmless Agreement and performance and lien bonds have been received and the contract is executed.
- The Purchasing Department shall submit a written request to the Finance Department for the return of the bid sureties to both the successful and unsuccessful bidders.
- The Finance Department will process the return of the sureties through accounts payable.

PERFORMANCE AND LIEN BONDS

When the bid specifications require a vendor awarded a bid to submit performance and lien bonds to the using department, it shall be the department's responsibility to ensure:

- The City is in possession of the performance and lien bonds prior to the commencement of any work on said project.
- The certificates are in proper form and have been reviewed and approved by the City Attorney.

PURCHASE ORDER AND PURCHASE CONTRACT PROCESSING

Detailed instructions for entering purchase orders and purchase contracts are included in the City of Wyoming Purchase Order and Purchase Contract Processing Guide for the New World Finance System.

INVOICE ENTRY

Detailed instructions for entering invoices are included in the City of Wyoming Invoice Entry Processing Guide for the New World Finance System.