



AGENDA ITEM: D1A

**CITY OF WAUKEE, IOWA
CITY COUNCIL MEETING COMMUNICATION**

MEETING DATE: January 11, 2021

AGENDA ITEM: Consideration of approval of a resolution approving City of Waukee Financial Policy – Purchasing Policy

FORMAT: Resolution

SYNOPSIS INCLUDING PRO & CON: City staff has been working with FEMA to finalize our storm event claim, and has been advised we needed to update our existing purchase policy to add procedures for Federal award purchase transactions. The attached policy adds Appendix A to our existing purchasing policy to meet this requirement.

FISCAL IMPACT INCLUDING COST/BENEFIT ANALYSIS:

COMMISSION/BOARD/COMMITTEE COMMENT:

STAFF REVIEW AND COMMENT:

RECOMMENDATION:

ATTACHMENTS: Standard Administrative Policy & Procedures Manual – Financial Policy – Purchasing Policy

PREPARED BY: Linda Burkhart 

REVIEWED BY:

THE CITY OF WAUKEE, IOWA

RESOLUTION 2021-005

**APPROVING CITY OF WAUKEE FINANCIAL POLICY – PURCHASING POLICY,
OF THE STANDARD ADMINISTRATIVE POLICY AND PROCEDURES MANUAL**

IN THE NAME AND BY THE AUTHORITY OF THE CITY OF WAUKEE, IOWA

WHEREAS, the City of Waukee, is a duly organized municipality within Dallas County, State of Iowa; **AND**,

WHEREAS, the Waukee City Council shall approve operating policies and procedures; **AND**,

WHEREAS, the City staff has presented the City Council with an amended Purchasing Policy to meet Federal Awards requirements, attached hereto as Exhibit A, and recommends approval.

NOW THEREFORE BE IT RESOLVED by the City Council of the City of Waukee, Iowa in session this 11th day of January 2021, that the City of Waukee Financial Policy – Purchasing Policy, of the Standard Administrative Policy and Procedures Manual is hereby approved.

Courtney Clarke, Mayor

Attest:

Rebecca D. Schuett, City Clerk

RESULTS OF VOTE:	AYE	NAY	ABSENT	ABSTAIN
Anna Bergman				
R. Charles Bottenberg				
Chris Crone				
Larry R Lyon				
Ben Sinclair				



Standard Administrative Policy and Procedures Manual

Title: **FINANCIAL POLICY**
Section: **PURCHASING POLICY**

Date of Version: **January 11, 2021**
Resolution No.: **#2021-005**

SECTION 1 - PURCHASING POLICY

- A. It shall be the responsibility of the Department Director to ensure that his/her department follows all policies and procedures.
- B. Only the purchasing methods described herein are available for purchasing goods and services on behalf of the City.
- C. The City's purchasing system is considered decentralized (each departments' responsibility) except for those goods, services, and equipment that qualify or are designated for centralized purchasing.
- D. All applicable paperwork should be forwarded to the Finance Department as promptly as possible to expedite processing.
- E. No purchase made by an employee shall bind the City to receive and/or pay for the goods or services procured, unless authorized by the methods described herein.
- F. Noncompliance with these policies and procedures may result in the return of improperly authorized or prepared documents, nonpayment of vendor invoices, cancellation of purchase orders or purchasing privileges, or other sanctions as determined necessary after consultation with the Department Director and/or City Administrator.
- G. Transactions should not be split into smaller parts in order to circumvent the dollar limitations and requirements of this policy.
- H. The City does not prepay for goods or services or utilize prepaid devices such as gift cards. If a vendor requires prepayment for goods or services, authorization must be obtained from the City Administrator's Office or the Finance Department.
- I. Employee reimbursements should be kept to a minimum (i.e. emergencies and travel/training).
- J. Every effort shall be made to purchase supplies and services from vendors who have businesses within the City of Waukee, provided pricing is competitive, products are readily available and exceptions during emergency situations.
- K. Local preference for equipment purchases shall be considered if pricing is within 5% of the non- local bids.



SECTION 2 –PURCHASING LIMITATIONS

A. Informal Quotation Process (Informal)

1. The purchase of any goods or services with a total value between \$2,500 and \$4,999 requires at least three quotations. These quotations can be either telephone quotations or from a suppliers catalog. These quotations need to be documented and retained by the department gathering the quotations.
2. The purchase of any goods or services whose total value is between \$5,000 and \$39,999 shall require written quotations from at least three suppliers. Quotations should be retained by the department gathering the quotations, with other related paperwork and be documented on the purchase invoice.
3. Purchases for public improvements qualifying under Chapter 26.3 of the Code of Iowa that are less than \$49,000 for highway, bridge, or culvert work, less than \$50,000 for buildings, utilities, sidewalks, trails, etc. or have been declared *emergency repair work* qualify for informal quotations. These purchases shall adhere to the following requirements:
 - a. The contractor must provide a performance and payment bond for a public improvement project of more than \$25,000 (Chapter 573.3 of the Code of Iowa).
 - b. The City Administrator shall solicit City Council affirmation of contracts over \$25,000 at the next regularly scheduled or special called meeting.

B. Competitive Quotation Process (Semi-Formal)

1. The purchase of any goods or services with an estimated value in excess of \$40,000 shall require the taking of competitive bids based on written bid specifications.

All bid documents shall receive prior approval from the City Administrator or his/her designee. All amendments to bid specifications shall be made in writing. In the event it is deemed necessary to verbally inform a vendor of a bid specification change, such verbal communications shall be immediately followed up with written confirmation of the change. A notice to bidders may be published in an authorized publication, but is not required.

The written bid documents will include the time, place, and manner for filing quotations, which may be received by mail, fax, or e-mail. A report outlining all bids received, including the vendor names and the amount of the bids shall be submitted. If the bid is being awarded to a vendor other than the

low bidder, the report shall also state why the bid is not being awarded to the low bidder. The report shall also include the amount budgeted for this purchase. The City Administrator or his/her designee may award the contract bid, execute the contract, authorize work to proceed under the contract, and/or approve performance and payment bonds. The City Administrator shall solicit City Council affirmation of all semi-formal bids, contracts, and purchases at the next regularly scheduled or special meeting.

2. Purchases for public improvements qualifying under Chapter 26.3 of the Code of Iowa that are between \$50,000 and \$130,000 and have not been declared *emergency repair work* and are not for highway, bridge, or culvert work qualify for competitive bidding (semi-formal) and shall adhere to part B.1 of this section. The contractor must provide a performance and payment bond.

C. Competitive Bidding (Formal)

1. Purchases for public improvements qualifying under Chapter 26.3 of the Code of Iowa that are in excess of \$130,000 or are for highway, bridge, or culvert work in excess of \$49,000 must use formal bidding as defined by Chapter 26 of the Code of Iowa, unless the improvements are declared *emergency repair work*.
2. Formal bids must be taken with the cooperation of the City Administrator and the City Clerk using the following steps:
 - a. Detailed and written plans and specifications and a detailed cost estimate must be prepared for the public improvement project, approved by the City Administrator, and placed on file with the City Clerk's office.
 - b. A notice to bidders must be published by the City Clerk not less than four days and not more than forty-five days before the date for filing bids. Notices must include:
 - i. Time and place for filing sealed proposals
 - ii. Time and place sealed proposals will be opened and considered on behalf of the governing body
 - iii. The general nature of the public improvements on which bids are being requested
 - iv. In general terms, when the work must be commenced and when it must be completed
 - v. Bid security and bid bond requirements

- c. A notice of public hearing on plans, specifications, form of contract, and cost estimate must be published by the City Clerk not less than four days and not more than twenty days before the public hearing.
- d. A formal opening and announcement of sealed bids on published date by the City Administrator; review, consideration, and recommendation of bid award by City Administrator; City Administrator prepares report of bids received
- e. A public hearing on plans, specifications, form of contract, and cost estimate on published date by the City Council
- f. City Council receives City Administrator report of bids received.
- g. City Council passes or rejects resolutions to adopt plans, specifications, form of contract, and estimate of cost, to award construction contract, and to approve construction contract and bond with the lowest responsive, responsible bidder who has met all bid security and bid bond requirements following the public hearing.

D. Miscellaneous

1. Contracting for professional services (legal, engineering, etc.) or for ongoing technical services (maintenance, utilities, etc.) may be done on a negotiated basis. Where practical, however, those vendors providing such services should be asked to submit formal proposals to provide the services requested. Such proposals shall be evaluated on the basis of the vendor's reputation, experience, and understanding of the work to be done. Price, while being a factor, should not be the primary factor. City Administrator and City Council authorization or affirmation is still required at the same dollar limitations as semi-formal or formally bid contracts.
2. All purchases involving a sole source bid (no competitive bids) where competitive bids are required shall be accompanied by written justification from the Department Director detailing the reason for a sole source purchase.
3. Bids solicited by the United States of America or an agency thereof, the State of Iowa, Dallas County, or another governmental unit may be used as a replacement to the bidding requirements unless bidding is required by the Code of Iowa, the City Council, or the City Administrator. The availability of a bid from another government agency does not preclude the City from seeking and obtaining bids in a manner provided through this policy.
4. All purchases funded through a State or Federal grant must follow all additional procedures required by the grantor. All bid specifications for a purchase that is funded through a State or a Federal grant must list all additional specifications for the goods or services that are required by the grantor. Contractors must be evaluated when the bids are received on their ability to meet these State or Federal requirements. In addition, no purchases to be covered by the grant can be made prior to the execution of the grant agreement unless approved by the grantor.

5. Purchase transactions for goods or services with a City employee (the employee, employee's spouse, or employee's business) are limited to \$1,500 per fiscal year, per employee in total, as per State law. Any transactions with an employee that will exceed this limit are required to go through formal bidding requirements.
6. For any given purchase, due to the nature of the contract, the competitiveness of the vendors, or for other reasons, the department may choose to use the bidding procedures for a higher dollar threshold than which the purchase falls under. The department may not, however, select bidding procedures for a lower dollar threshold than what is prescribed.
7. *Emergency repair work* is declared via resolution by the City Council and a certificate from an external, registered, professional engineer certifying that the emergency repairs are necessary.

E. Contract Administration

1. The City Administrator or his/her designee will advertise and bid all contracts qualifying for formal bidding procedures. The City Administrator or his/her designee will oversee receiving, opening, and announcing all formal bids. Bids received late will be immediately returned to the late bidder unopened.
2. Formally bid contracts will be executed by the Mayor and attested to by the City Clerk. The City Administrator or his/her designee shall execute all other contracts on behalf of the City as permitted by State law. Copies of all contracts should be forwarded to the Finance Department.
3. The City Administrator or his/her designee will administer all contracts on the authority of the City Council.
4. The City Administrator or his/her designee will approve all change orders to contracts. City Council must approve all change orders for contracts that were bid using formal bidding procedures.
5. Contractual payments on formally bid contracts must be approved, individually, by City Council action. Other contractual payments must be approved by the City Administrator or his designee and listed on the formal claims list presented to City Council.
6. Where appropriate, retainage shall be withheld on contracts for public improvements as provided for by State law or on other contracts as deemed appropriate or necessary. Retainage on a contract may not exceed 5% of the cost of the public improvement. An application by a contractor for early release of a retainage requires City Council consideration and approval.
7. The final acceptance (certificate of completion), the final contractor payment, and the release of retainage authorization (unless early release applied for) of a formally bid contract shall be approved by City Council action.

SECTION 3 –CENTRALIZED PURCHASING

- A. Goods, services, and equipment, (such as business forms printing, cell phones, office/operational/janitorial supplies) that are determined to qualify under any of the following criteria will be purchased and bid by the Finance Department:
 - 1. When bulk purchasing or exclusiveness can save the City money
 - 2. When consistency across departments creates organizational efficiency
 - 3. When no department is directly responsible for a good or service that affects many departments
 - 4. When the City Administrator determines it beneficial for the City to do so
- B. The Finance Department will create bid specifications, solicit bids, and manage contracts for goods, services, and equipment that are deemed to qualify.
- C. For the goods, services, or equipment qualifying under this section, departments must contact the Finance Department for vendor issues, complaints or other related activities.
- D. Qualification for centralized purchasing will be determined by the City Administrator and the Finance Department.

APPENDIX A FEDERAL PROGRAM FUNDING – 2 CFR; PART 200

This appendix applies to the purchase of all supplies, equipment and construction and services of and for the City of Waukeee that include any federal program funding. In regards to any such federal programs, all procurement will be done in accordance with 2 CFR: Part 200. Chapter 26 and Section 331.341 of the Iowa Code will be followed on all applicable purchases. When federal requirements conflict with local or state requirements, the most restrictive requirements will be followed.

The City of Waukeee must conduct procurements in a manner that **prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences**, in the evaluation of bids or proposals under 2 CFR; Part 200.319.

METHODS OF PURCHASING

Purchasing under federal program funding will be made in accordance with the City's Purchasing Policy, which is below the thresholds for 2CFR; part 200.320 (a-e).

CONTRACTING WITH SMALL AND MINORITY BUSINESSES, WOMEN'S BUSINESS ENTERPRISES, AND LABOR SURPLUS AREA FIRMS

Purchasing under federal program funding will be made in accordance with 2 CFR; Part 200.321. This includes:

1. Assuring that small and minority businesses, and women's business enterprises are solicited whenever there are potential sources;
2. Placing qualified small and minority businesses and women's business enterprises on solicitation lists;
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority businesses, and women's business enterprises;
4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority owned businesses, and women's business enterprises;
5. Using the services and assistance, as appropriate, of such organizations as the Small Business Administration and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontractors are to be let, to take the affirmative steps listed in 1 and 2 above.

CONTRACT PRICING

1. The cost plus a percentage of cost and percentage of construction cost method of contracting **shall not** be used.
2. The City shall perform some form of cost/price analysis for every purchase, including contract modifications, amendments, or change orders. And, the City shall make an independent estimate prior to receiving a bid or proposal.
3. The City shall negotiate profit as a separate element of price for each contract in which there is not price competition and in all cases where cost analysis is performed. In determining a fair and reasonable profit, the City must consider the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of

subcontracting, the quality of its record of past performance and the industry profit rates in the surrounding geographical area.

RECORDS

The city shall maintain records sufficient to detail the significant history of a purchase including the rationale for the method of purchase, selection of contract type, contractor selection or rejection, and the basis for the contract price. In accordance with 2 CFR; Part 200.324:

1. The City must make available, upon request of the Federal awarding agency or pass-through entity, technical specifications on proposed purchases where the Federal awarding agency or pass-through entity believes such review is needed to ensure that the item or service specified is the one being proposed for acquisition.
2. The City must make available upon request, for the Federal awarding agency or pass-through entity pre-purchase review,, purchase documents, such as requests for proposals or invitations for bids, or independent cost estimates, when:
 - a) The City's purchasing procedures or operation fails to comply with the purchasing standards in this Part;
 - b) The purchase is expected to exceed the Simplified Acquisition Threshold and is to be awarded without competition or only one bid or offer is received in response to a solicitation;
 - c) The purchase, which is expected to exceed the Simplified Acquisition Threshold, specifies a "brand name" product;
 - d) The proposed contract is more than the Simplified Acquisition Threshold and is to be awarded to other than the apparent low bidder under a sealed bid procurement; or
 - e) A proposed contract modification changes the scope of a contract or increases the contract amount by more than the Simplified Acquisition Threshold.
3. The City is exempt from the pre-purchase review in paragraph (2) of this section if the Federal awarding agency or pass-through entity determines that its purchasing systems comply with the standards of this Part.
 - a) The City may request that its purchasing system be reviewed by the Federal awarding agency or pass-through entity to determine whether its system meets these standards in order for its system to be certified. Generally, these reviews must occur where there is continuous high-dollar funding, and third party contracts are awarded on a regular basis;
 - b) The City may self-certify its purchasing system. Such self-certification must not limit the Federal awarding agency's right to survey the system. Under a self-certification procedure, the Federal awarding agency may rely on written assurances from the City that it is complying with these standards. The City must cite specific policies, procedures, regulations, or standards as being in compliance with these requirements and have its system available for review.

AWARDED CONTRACTS

1. The City will not award a contract to a party listed as debarred, suspended, or otherwise excluded in the System for Award Management (SAM). www.sam.gov
2. Contracts awarded shall contain the applicable contract provisions described in 2 CFS 200.326 and Appendix II to Part 200.

3. The City's Conflict of Interest, Code of Ethics and Gifts Policy must meet standards set forth in 2 CFR; Part 200.318 (c) (1).