



136 North Monroe Street  
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## PUBLIC NOTICE OF A COMMITTEE MEETING OF THE CITY OF WATERLOO COMMON COUNCIL

Pursuant to Section 19.84 Wisconsin Statutes, notice is hereby given to the public and news media, that a public meeting will be held to consider the following:

COMMITTEE: FINANCE, INSURANCE & PERSONNEL COMMITTEE  
DATE: April 16, 2020  
TIME: 6:00 p.m.  
LOCATION: Municipal Building Council Chamber, 136 N. Monroe Street  
via remote conference for participants and public

### Join Meeting

Meeting link:  
<https://attccasptrial2.webex.com/attccasptrial2/j.php?MTID=m64c4b8cdc79f1b72134d89ffee9c713b>  
Meeting number:  
265 014 139  
Password:  
S2nQz23qYJg (72679237 from phones)  
Host key:  
187464  
Join by phone  
1-844-531-0958 United States of America Toll Free  
+1-669-234-1178 United States of America Toll  
Access code: 265 014 139

1. CALL TO ORDER AND ROLL CALL
2. MEETING MINUTES APPROVAL – April 2, 2020
3. PUBLIC COMMENT
4. UNFINISHED BUSINESS
  - a. Purchasing And Procurement Policy Review – Draft Amendment To Resolution #2009-33 And Examples From Other Communities
  - b. Tax Incremental Finance Districts 2, 3 & 4, Return On Investment Reports
5. NEW BUSINESS
  - a. Resolution #2020-12 Directing The Clerk/Treasurer In Coordination with Ehler's & Associate To Conduct A Tax Incremental Finance Joint Review Board Meeting For The Purpose Of Enabling A Three-Year "Tech College Extension" And A Three-Year "Standard Extension" And Authorizing Tax Incremental District Expenditures To Engage Ehler's & Associates For This Purpose
  - b. Resolution #2020-13 Authorizing Borrowing To Fund Municipal Loans To Property Owners For Lead Service Line Replacements
  - c. March Financial Statements
    - i. General Disbursements - \$250,422.05 \*\*\*\*\*
    - ii. Payroll – \$71,765.54 \*\*\*\*\*
    - iii. Treasurer's Report & Budget Reports \*\*\*\*\*
  - d. Clerk/Treasurer Employment Review [NOTE: The body may convene in closed session per Wis Stat. 19.85(1)(c) "Considering employment, promotion, compensation or performance data of any public employee over which the governmental body has jurisdiction or exercises responsibility"] Upon completion of the closed session the body will reconvene in open session.
6. FUTURE AGENDA ITEMS AND ANNOUNCEMENTS

7. ADJOURNMENT



Mo Hansen  
Clerk/Treasurer

**\*\*\*See Council Packet**

**\*\*\*\* Digital Version As Stand Alone Document On Webpage**

Committee Members: Thomas, Griffin and Kuhl

Posted, Emailed & Distributed: 04/09/2020

PLEASE NOTE: It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above meeting(s) to gather information. No action will be taken by any governmental body other than that specifically noticed. Also, upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through appropriate aids and services. For additional information or to request such services please contact the clerk's office at the above location.



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**To:** Finance, Insurance & Personnel Committee  
**From:** Mo Hansen, Clerk/Treasurer  
**Date:** February 18, 2020  
**Re:** Draft Text Revising Purchasing & Procurement Policy & Recommendation

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### Draft Revision

Beginning with the third paragraph of Policy 1.

#### BUDGETARY DISCRETION FOR HEADS OF DEPARTMENTS:

Upon written notice submitted to the Clerk/Treasurer within the current budget year, heads of municipal departments shall have the authority to revise budgeted expenditure line items within a range of defined categories in his/her department budget, or the Capital Fund.

~~The~~ A departmental budget revision meeting all the conditions stated below shall not require Council approval.

- Have no net increase or decrease in the ~~departmental budgeted total budget year~~ expenditure amount.
- Be limited to ~~departmental line items other than capital purchases, outlays and personnel~~ non-personnel line items and Capital Fund line items of less than \$2,500.
- ~~Not require Council approval.~~

The following are defined as heads of departments: the Mayor, Clerk/Treasurer, Police Chief, Emergency Government Director, Public Works Director, Library Director, ~~Youth Center~~ Parks Director, CATV/WLOO Director, Fire Chief and Utility Superintendent with the understanding that the municipal code speaks to separate budgetary responsibilities for the Utility Superintendent.

### Policy Ramifications

The draft revision allows for the both scenarios. Current policy allows for scenario #1.

1. The Mayor and City Council forfeit it's ability to define department expenditures.
  - a. Scenario – Department Head X proposes purchasing \$10,000 worth of yo-yo's as part of a \$200,000 budget submittal with a personnel budget of \$100,000. The Council votes to remove the yo-yo request, substituting \$10,000 in paper airplanes instead. On the first day of the budget year, X submits a written notice and purchases \$10,000 worth of yo-yo's.
2. Fund balances may be affected by department head adjustments to Capital Fund spending.
  - a. Scenario – A municipal policy objective may be to make sure the General Fund, or another fund, has sufficient fund balance. If a department head, reduces capital expenditures by \$2,500 by not purchasing an approved item and instead makes a \$2,500 expenditure in the General Fund or another fund – said fund would have expenditures greater than revenue in the amount of \$2,500. Department Heads have no authority to shift or move revenue.

### Policy Recommendation

Budgetary discipline and a focus on executing outcome driven plans over time requires the governing body to adopt certain policies and for Departments to implement those adopted policies. Both existing and revised go in the opposite direction. I recommend rescinding current policy and adopting policies which in-still greater budgetary discipline and a focus on outcome driven departmental planning.

Both the current and revised policy are too flexible. It fosters ease of spending in the moment rather than focusing on executing a longer-term outcome driven plan within budgetary limitations.

<b>CITY OF BARABOO</b>	TITLE: <b>PURCHASING POLICY</b>	
TARGET AUDIENCE: City Departments; City Employees; Utilities and other component units funded by City taxpayers or ratepayers, either in whole or in part; Community Development Authority; Vendors	POLICY SOURCE: Finance Department	PAGE NUMBERS: 16
DATE APPROVED BY COUNCIL: March 22, 2017	DATE AMENDED BY COUNCIL: April XX, 2019	ATTORNEY REVIEW: February 19, 2019

**SECTION 1**  
**POLICY OBJECTIVES**

- 1.1 Objectives. The objectives of the City's Purchasing Policy are:
1. To ensure that materials, equipment and services are purchased at the lowest prices consistent with quality and performance,
  2. To provide adequate controls over City expenditures and financial commitments with proper documentation,
  3. To obtain quality goods required by City departments and to ensure that these goods are at the place needed at the time needed, and;
  4. To provide a standardized system of purchasing for use by all City departments.

**SECTION II**  
**COMPETITIVE BIDDING**

- 2.1 Policy. It is the policy of the City of Baraboo to procure needed materials, equipment and services at the lowest cost consistent with quality and performance. Therefore, City purchases will be made only after price quotations have been obtained or attempted to have been obtained from different suppliers through either formal or informal means, if required pursuant to this Policy.
- 2.2 Obtaining Bids. Unless required by State Statute, it shall be the Department Heads discretion on the method of obtaining bids and proposals. Options include invitations to bid and proposals by US mail, e-mail, and publication in the official newspaper, telephone contacts or verbal requests. Purchases shall attempt to obtain bids or proposals from at least three (3) vendors to ensure that comparison pricing is demonstrated.
- 2.3 Exceptions. The only exceptions to this Policy are:
1. Sole-source purchases (i.e., when only one known supplier is available): includes diagnostic vehicle repairs and warranty work that needs to be done by service providers equipped and trained for repairs on the make and model of equipment being repaired.
  2. Emergency purchases and repairs covered by insurance proceeds.
  3. Items purchased by State contract.
  4. Purchases paid with grant funds which require specific purchasing procedures;
  5. Professional services where the City Administrator has waived bidding requirements.
  6. Other justifications as identified by a Department Head and approved by the City Administrator.
  7. For purchases below \$1,000, the bidding/proposal process is waived although the purchaser is expected to compare prices for routine purchases and supplies. The intent is to look for quality and price over convenience, wherever practical.

- 2.4 Prohibited Conduct. The intentional staggering of purchases as well as dividing purchases and/or contracts to consciously evade this policy is strictly prohibited.
- 2.5 Competitive Bidding Process. To assist Department Heads in the bidding process, templates are available from the City Attorney and Finance Director for soliciting bids. Templates are also available for RFIs, RFPs and RFQs:
- *Request for Bid (RFB)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor.
  - *Request for Information (RFI)*: Commonly used to develop lists of qualified sellers and gain more input for resource availability.
  - *Request for Proposal (RFP)*: Commonly used when deliverables are not well-defined or when other selection criteria will be used in addition to price.
  - *Request for Quotation (RFQ)*: Commonly used when deliverables are commodities for which there are clear specifications and when price will be the primary determining factor. Unlike an RFB, this solicited price quote is used for comparison purposes and is not a formal bid for work.
- 2.5.1 Tie Bids. If two or more bids are in the same amount or unit price, quality, service and other factors deemed relevant being equal, the contract shall be awarded to a bidder whose principal place of business is located within the City limits, if any. If there is not a City of Baraboo bidder, the Department Head should award the contract to one of the tie bidders by cutting a deck of playing cards, with the highest card being awarded the bid.
- 2.5.2 Rejection of Bids. Department Heads have the authority to reject bids or parts of bids, or all bids, where the public interest will be served. In all cases, the Department Head has the authority to re-advertise and re-bid any proposed purchase or to reject all bids and to negotiate a purchase directly with any supplier if this procedure is deemed most advantageous to the City.
- 2.5.3 Bidders in Default to the City. A Department Head should not accept the bid of any supplier who is in default or delinquent in the payment of taxes, licenses, forfeitures, or any other moneys whatsoever due the City.
- 2.5.4 Selecting Bid. In addition to price, Department Heads may consider the following factors in selecting the acceptable bid:
1. The ability, capacity and skill 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 character, integrity, reputation, judgment, experience and efficiency of the bidder.
  4. The quality of performance of previous contracts or services by the bidder.
  5. The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service.
  6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
  7. The quality, availability and adaptability of the supplies or contractual services to the particular use required.
  8. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
  9. The number and scope of conditions attached to the bid.

**SECTION III**  
**CENTRAL PURCHASING**

- 3.1 Policy. Many of the items purchased by the City are commonly used by all or several departments. By consolidating the needs of all departments, the City can take advantage of price discounts for large quantity orders of these items. Annual orders are encouraged. Department Heads and all purchasers are strongly encouraged to work together to coordinate purchases of common items between departments.

**SECTION IV**  
**PURCHASE RELATED CHARGES AND ALLOWANCES**

- 4.1 Shipping and Freight. It is the policy of the City to avoid paying shipping charges whenever possible. If the City is to pay shipping charges, it must be billed at the time of invoicing. Purchasers, when obtaining price quotations, should inquire into applicable freight charges. Any charges to be paid by the City will be regarded as part of the price quotation when selecting the successful bidder and noted on the purchase requisition. Unless otherwise stated in the RFP/RFQ, all formal bids and proposals shall include freight and delivery charges, if any.
- 4.2 Sales Tax Exemption. The City is exempt from paying city, county and state sales tax. Purchasers have the responsibility to inform vendors of tax exempt status. Tax exempt forms are available in the City Finance Director's office. Invoices received by the City that include sales tax will be amended by reducing the amount of sales tax prior to payment.
- 4.3 Vendor Discounts. It is the policy of the City to take advantage of all available vendor discounts. The following considerations should be kept in mind:
1. Cash discounts are offered for prompt payment, usually within ten days of the date of the invoice. Department Heads can aid the City by ensuring that their copy of the purchase order is signed and forwarding invoices to the Finance Director's office promptly for inclusion in accounts payable batches. The Finance Director will notate, "Redeemed Prior to Council" for items released prior to Council.
  2. Trade discounts are sometimes offered to municipalities for the purpose of attracting business. In most cases, the City will not be offered a trade discount unless the purchaser asks if one is available. Therefore, it is essential that Purchasers ask if trade discounts are available when obtaining price quotations.

**SECTION V**  
**COOPERATIVE PURCHASING**

- 5.1 Policy. Cooperative purchasing between the City and the State of Wisconsin or between the City and other local governments can result in significant savings on the purchase price of many items. The Finance Director shall have the authority to analyze the desirability of cooperative purchasing arrangements and to make recommendations to the City Administrator. The City Council encourages cooperative purchasing but maintains the right to reject any or all such agreements. It is the policy of the City to enter into cooperative purchasing agreements when:
1. Substantial savings will result;
  2. Quality, availability, or service will not be sacrificed;

3. The City will be separately billed for its purchases;
4. Ordered items will be delivered directly to the City (unless otherwise agreed to).

## **SECTION VI**

### **CHARGE CARDS**

- 6.1 **Policy.** During the course of everyday business, situations arise that call for the use of a charge card. Some examples of these situations might be making flight reservations, booking a hotel in connection with a conference, purchasing government publications on-line, etc. A charge card is not meant to interfere with any of the other policies and/or procedures currently in place in terms of purchasing needed items and/or services for the City. Its use is meant to enhance or augment the City's ability to make purchases in the most efficient manner possible. Purchase orders and competitive pricing practices are still required for items purchased on a charge card if above \$1,000 dollars.
- 6.2 **Use of Card.** The charge card shall be used where necessary purchases: (1) cannot be billed or invoiced to the City and (2) can only be made by a charge card by policy of the vendor. For example: on-line booking of air travel or seminar registration. It is suggested to routinely ask if the company would bill the City as this would be the preferred method of payment.
- 6.2.1 **Examples of when the charge card **MAY** be used:**
1. Lodging (*registering in advance and paying upon departure*).
  2. Some transportation: Flights, car rentals, trains, inter-city buses (*see below for exceptions when card cannot be used in this category*).
  3. Registration fees for conferences and seminars.
  4. Costs associated with business-related training.
  5. Online purchases for items such as government or business-related literature.
  6. Meal costs (*including the standard 15% tip*) as follows:
    - a. Costs must follow the standards established in the City's Travel Guidelines/ Expense Reimbursement Policy.
    - b. Group meetings where the City is paying (must receive prior approval of the City Administrator whose approval means that it is appropriate for the City to pay the expense).
    - c. The City will allow tips up to 15% of the bill to be applied to the charge card. If a tip is made that is in excess of 15%, the overage should be left by the employee in cash and will not be recoverable from the City as a valid expense.
    - d. Employees do not need to obtain tax exemption for individual meals or groups up to three (3) people. Groups over three should try to obtain the tax exempt status. (See Tax Exemption section of this policy below.)
- 6.2.2 **Examples of when the charge card **MAY NOT** be used:**
1. Taxi fares, intra-city bus lines.
  2. Tips, except when it is part of an approved meal cost.
  3. Personal purchases of any kind.
  4. Cash advances.
- 6.3 **Employee Access to Credit Card.** Department Heads are responsible for determining the individual(s) in their organization who will have a charge card. **Employees may not make purchases without the prior knowledge of the Department Head.** Approved employees will be required to sign an agreement that:
1. Acknowledges that they understand the purpose of the use of credit cards,

2. Certifies that they have read and understand the City's Purchasing Policy,
  3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
  4. Guarantees return of the card to the Department Head for reasons such as, but not limited to:
    - a. Change in duties,
    - b. Retirement,
    - c. Termination of employment,
    - d. Improper use, or
    - e. Any other sound reason determined by the Department Head or City Administrator.
- 6.4 Tax Exemption. Purchases made on credit cards are still eligible for tax exemption. The City, as a government office, is exempt from paying tax on purchases. Those who will be issued cards will be given the tax exemption number. Certificates are available by contacting the Finance Department. The Purchaser is responsible to provide the vendor proof of the City's tax exempt status at the time the charge is incurred.
- 6.5 Automatic Payroll Deduction. If a meal (plus tip) purchase exceeds that which is allowed by the City's Travel Guidelines/Expense Reimbursement Policy, located in the Employee Handbook,, or if an unauthorized charge occurs, or if a good faith attempt to receive a tax exemption is not made, the employee must immediately reimburse the difference between what is allowed and the dollar amount being charged to the Finance Department. If the employee does not submit the difference to the Finance Department, that lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges or the amount in excess of what is allowed to be taken from the employees next payroll check.
- 6.6 Documentation. As with any purchases made for the City, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:
1. Employees who use a City charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
    - a. The vendor's detailed sales receipt;
    - b. Itineraries;
    - c. Rental agreements;
    - d. Completed registration flyers,
    - e. Renewal notification letters,
    - f. Order confirmations.
  2. Documentation must include the name of the vendor providing the goods or services, the date (and time for meal reimbursements), the employee(s) involved, the goods and services received, the amount, and the business purpose.
  3. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
  4. Department Heads will approve the purchase that was made by placing an account code and signing the submitted documentation as they would with any other request for payment. Include the purchase order number on the invoice.
  5. Department Heads or designee must enter the documentation information into the City's financial software.
  7. The charge card statement will be mailed directly to the Finance Department. All sales slips should be in the Accounts Payable Department by the time the statement gets here. Accounts Payable will match up the slips to the statement. Statements will only be distributed when information is missing.

We are required by the charge card vendor to make an electronic payment within 14 days of the statement date so we do not have time to search for information.

8. Charge card purchases will have to be paid before Council can approve them. We will include the vouchers in the Council batch following the end of the month when we process our batch of all electronic payments made for the month. Based on the vendor's statement date of the 25<sup>th</sup>, it will miss the cycle at the end of the current month and would have to wait another month. These vouchers would then be 7 to 11 days past the purchase date by the time the Council sees them.
  9. Upon leaving employment, or when an employee no longer needs to have the charge card, the Department Head will be responsible for retrieving it. The Finance Director or his/her designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance office when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a City charge card.
- 6.7. Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to and including the loss of privilege to use the charge card or termination. A Department Head has the right to establish additional restrictions on City charge card use within his/her respective department

## **SECTION VII**

### **FLEET FUEL CHARGE CARDS**

- 7.1. Department Use of Card. All fuel for City owned vehicles and equipment will be purchased using a fleet charge card. The following department's vehicles have been issued a fleet card for each City owned vehicle or equipment:
- Fire Department
  - Police Department
  - Engineering Department
  - Building Inspector
  - Administration
  - Water Department
  - Sewer Department

The following departments have employees that have been selected to receive fleet charge cards in their name on behalf of the City:

- Department of Public Works
  - Parks Department
- 7.2. Department Head Responsibilities. The respective Department Head will be responsible for reporting and managing authorized users for their department to the Finance Director.
- 7.3. Employee's Use of Fleet Charge Card. The Department Heads are responsible for determining the individual(s) in their organization who will have a fleet charge card. All users will be issued a Personal Pin # and will be required to enter the pin at the pump (or at the cashier) to authorize the fuel purchase. All purchases can and will be tracked by the department, vehicle and user. The Department Head has the right to establish additional restrictions on City fleet charge card use within his/her respective department. Those individuals will be required to sign an agreement that:
1. Acknowledges that they understand the purpose of the program;
  2. Certifies that they have read and understand this Fleet Charge Card Policy Section of the City's Purchasing Policy.
  3. Confirms that improper use of the card may result in disciplinary action up to and including termination of employment; and
  4. Guarantees return of the card to the Finance Director for reasons such as, but not limited to:

- a. Change in duties,
- b. Retirement,
- c. Termination of employment,
- d. Improper use, or
- e. Any other sound reason determined by the Department Head or City Administrator.

7.4 Automatic Payroll Deduction. If an unauthorized charge occurs, the employee must immediately reimburse the dollar amount being charged to the Finance Department. If the employee does not submit payment to the Finance Department, that lack of action acts as the employee's permission for an automatic payroll deduction for the unauthorized charges or the amount in excess of what is allowed to be taken from the employees next payroll check.

7.5 Documentation - As with any purchases made for the City, paperwork is required. To ensure that our Finance Department can make payment of the charge card debt in a timely manner, it will be necessary for the following rules to be followed:

1. Employees who use a City fleet charge card shall, as soon as possible after making a purchase, submit supporting documentation to the Department Head. Supporting documentation may include:
  - a. The vendor's detailed sales receipt.
  - b. Documentation must include the name of the vendor providing the goods, the employee(s) involved, vehicle or equipment the fuel is for, the amount, and the date.
2. All sales documentation needs to be clearly marked as a charge card purchase with the department/card number indicated and the name of the employee who made the purchase.
3. Department Heads will receive the fleet card statement at the end of each billing cycle, and approve the purchases made by writing the proper account code and signing the statement. The Department Head will be required to attach the supporting documentation to each statement.
4. Department Heads or designee must enter the documentation information into the City's financial software.
4. Department Heads or designee will promptly place the approved charges in the Accounts Payable basket in the Finance Department.
5. Upon leaving employment or there is no longer a need for an individual to have a fleet charge card, the Department Head will be responsible for retrieving the card. The Finance Director or designee will maintain a list of employees to whom cards have been issued. Department Heads therefore must inform the Finance Department when it is necessary to either reassign a card or to remove the employee's name from the list of those who are holding a fleet charge card.

7.6 Loss of Privilege. If an employee exhibits non-compliance with these procedures, discipline for non-compliance may occur, up to an including the loss of privilege to use the charge card or termination. A Department Head has the right to establish additional restrictions on City charge card use within his/her respective department.

## **SECTION VIII**

### **SALE OF SURPLUS PROPERTY**

8.1. Tangible Property. City property is declared "surplus" when it is no longer necessary, practical or economical to be retained by the City. Department Heads are responsible for identifying surplus furniture, equipment, supplies, etc., in their departments. The City Administrator or designee is responsible for the sale or disposal of all surplus property. The City Administrator or designee shall determine the best

method for sale or disposal of the surplus property. Such methods shall include internet postings on well-known sites such as eBay or Craigslist, public bid, public auction or private sale.

- 8.2 Police Unclaimed Property. In accordance with Wisconsin State Law, the Baraboo Police Department sells at public auction all lost, abandoned, unclaimed, forfeited or stolen property remaining in the possession of the Police Department for a period of six months without a lawful claimant, except that unclaimed bicycles may be auctioned after a three-month waiting period. The Police use the services of a public internet auction site.
- 8.3 Real Estate. Whenever City owned property is proposed for sale, there should be an internal review conducted by the City Administrator and Department Head to determine whether the City may need the parcel in the future and for what purpose. The City Administrator will then prepare a report for Plan Commission for review. The Plan Commission will consider the land sale request, along with the Administrator's Report on the property, and then prepare a recommendation based on zoning or land use of the property. The Plan Commission recommendation will then be submitted to the Finance Committee who shall consider whether an appraisal is necessary, how the property may be disposed of, and then forwards a recommendation on to the City Council for final action. The City Administrator is responsible for carrying out the Council's actions for disposition of the property. Property may be disposed of by public auction, sealed bids, or by a mutual sales agreement.

## **SECTION IX**

### **PURCHASING PARAMETERS**

- 9.1 Routine Budgeted Purchases. Routine budgeted purchases made by the City of Baraboo may be grouped under the following categories:
1. Purchases under \$1,000 are authorized by a Department Head without further authorization except that purchases shall meet the competitive bidding requirements, as outlined in this Policy, and the item is included in the current budget.
  2. Purchases from \$1,000 to \$10,000 dollars shall be approved prior to ordering by the Finance Director but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the Finance Director, and the item is included in the current budget.
  3. Purchases from \$10,001 to \$50,000 shall be approved prior to ordering by the City Administrator, but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the Finance Director, and the item is included in the current budget.
  4. Purchases over \$50,000 shall be approved prior to ordering by the City Finance/Personnel Committee, but only after the Department Head complies with competitive bidding requirements, forwards a completed purchase order with copies of bids or quotes received to the City Finance Director, and the item is included in the current budget.
- 9.2 Construction and Public Works Contracts. Construction and public works contracts must be advertised and bid according to state law.
- 9.3 Department Head Responsibilities. Except for labor, Department Heads shall request transfers of budgeted funds in the General Fund within each function code as part of their purchase order requisition in the "Notes" section. Department Heads are required to monitor total spending for each of their function budgets and not exceed the total budgeted amount for each function. The total budget for each

function will be considered the spending parameter for legal notice purposes. These transfers are approved or denied as part of the purchase order processing according to the thresholds set in this policy for the Finance Director and/or the City Administrator.

9.4 Unbudgeted or Under-Budgeted Purchases. The Common Council, by way of a recommendation from the City's Finance/Personnel Committee, must approve all non-budgeted purchases prior to purchasing. The Department Head must still comply with competitive bidding requirements and forward a completed purchase order with copies of bids or quotes received to the City Finance Director.

9.5 Purchase Orders.

1. A Purchase Order is required before a purchase is made to obtain goods and services for the following:
  - a. Operating supplies
  - b. Office supplies
  - c. Clothing acquisitions
  - d. Small tools and minor equipment
  - e. Maintenance and repair supplies
  - f. Equipment Rentals (requests shall state approximate hours and rental cost per hour)
  - g. Printing
  - h. Office furniture or equipment
  - i. Capital Outlay Items
  - j. Services not covered by a contract
2. A Purchase Order is not required for the following purchases:
  - a. Professional contracted service such as legal, architectural, engineering, auditing, maintenance contracts and janitorial contracts, if the contract has been approved by the Council.
  - b. Utility expenditures such as electricity, natural gas, cable TV and telephone service.
  - c. Payroll and related expenses such as employee hospitalization, insurance payments, pension payments and mandatory state and federal employee withholding.
  - d. Routine expenditures such as insurance premiums, and bond payments that have received prior Council approval and authorization.
  - e. Reimbursement to citizens for a canceled recreation program.
  - f. Employee reimbursement for miscellaneous out-of-pocket expenses.

9.6 Purchasing Procedure. The following is the standard procedure to be used for all purchasing categories after proper authorization is secured. Also see Appendix C – General Purchasing Workflow for Departments.

1. The Department Head or designee shall follow procedures listed in this policy and the Baraboo Municipal Code for all purchases.
2. The Department Head or designee will complete a requisition using the Purchase Order module associated with the City's accounting software.
3. Request must include required competitive bidding obtained, including quotes or bids received, and budget amendments or transfer requests to ensure that the purchase will not exceed the approved budget.
4. The Finance Director will return a response to the Department of purchase who shall include the PO number on the invoice and packing slip.
5. When the material or service has been received and accepted, the Department Head will

write the PO on applicable invoices and packing slips to the Finance department for processing. Invoices shall indicate approval for payment by the Department Head whose budget accounts will be affected by the payment. If partial shipments are received, the Department will submit applicable invoices marked in the same manner previously described to the Finance Department in order to make timely payments.

6. The Finance Department will review the invoices awaiting payment for accuracy, discounts available, erroneous sales tax charges and may make changes if errors are found.
7. All financial obligations, after administrative review, shall be submitted to the Council for approval at the regular meetings of the Council. The City Administrator is authorized to deviate from this point when it is in the best interests of the City to take advantage of discounts offered by suppliers or contractors, which if not pursued, would result in additional costs to the municipality. Said payments shall be listed for Council approval also, but the checks may be released early if the in the best interest of the City.

## **SECTION X**

### **PROCEDURES FOR CONTRACTED SERVICES AND OTHER CONTRACTED PURCHASES**

- 10.1 Contracts Defined. For purposes of this policy, “contracts” are defined as any document:
  1. Requiring signature of statutory officers of the City.
  2. Expressly waiving liability of the vendor.
  3. Expressing a scope of service to be performed by the vendor.
  4. Placing conditions (other than payment) upon the City.
  5. Contracts also include lease agreements and memorandum of understandings (MOU’s).
- 10.2 Competitive Bidding. Department Heads must follow all competitive bidding requirements for procuring contracted services or purchases. However, a purchase order is not needed in these instances.
- 10.3 Signatories. The signatories for the City are the City Clerk, Mayor and the City Administrator, each of whom are authorized to execute the contracts without additional Council action; two of the three persons must sign each contract. Department Heads do not have legal standing to enter into contracts on behalf of the City unless expressly authorized to do so by the City Council.

The City Administrator shall have authority to sign contracts to purchase vehicles or equipment without an additional signatory provided they are included in the annual budget and meet the guidelines of the purchasing policy.

- 10.4 Contract Review. All contracts must be reviewed by the City Attorney as to form prior to the execution of the contract. Department Heads should submit contracts to the City Attorney as soon as possible for timely review – ideally at least one business week prior to the execution date. All questions about whether a document is a contract should be directed to the City Attorney prior to execution of the document.

## **SECTION XI**

### **EMERGENCY PURCHASES**

- 11.1 Policy. Emergency purchasing procedures should only be used when normal purchasing channels are not feasible. Emergency purchases may be made:

1. When there is a need for immediate delivery of items.
  2. To prevent delays in work or construction schedules.
  3. When there is an immediate threat to employees, public health or safety, or
  4. To meet emergencies rising from unforeseen causes.
  5. When there is an emergency declaration.
- 11.2 Emergency Purchases over \$1,000. For emergency purchases over \$1,000, the Department Head shall take the following steps:
1. Notify the City Administrator of the emergency and receive a waiver of the provisions of the purchasing policy.
  2. Complete a purchase requisition after the fact and document emergency status in the “Notes” section.

**SECTION XII**  
**GRANTS AS A REVENUE SOURCE**

- 12.1 Policy. Prior approval from the Finance/Personnel Committee is required when the grant requires a City matching contribution. Approval must be granted prior to the submission of the grant application. City matching contributions are defined to include any monetary contribution, change in service or staffing.

**SECTION XIII**  
**DONATION POLICY**

- 13.1 Policy. The purpose of this policy is to establish a formal process for acceptance and documentation of donations made to the City and to ensure compliance with applicable laws and accounting procedures. This policy supersedes other departmental policies regarding these issues. This policy provides guidance when individuals, community groups, and businesses wish to make donations to the City. This policy also establishes the standards for City employees and City officials regarding the acceptance of gifts and fundraising activities during the performance of City business.
- 13.2 Types of Donations. Donations may be offered in the form of cash, real or personal property. Designated donations are those donations that the donor specifies for a City department, location, or purpose. Undesignated donations are those donations that are given to the City for an unspecified use. Designated donations may only be accepted when they have a purpose consistent with the City’s goals and objectives and are in the best interest of the City of Baraboo.
- 13.3 Acceptance of Donations. Based on the value of the donation offered as outlined below, appropriate City staff shall review every donation and determine if the benefits to be derived warrant acceptance of the donation. The following points list the threshold amounts for donation acceptance.
1. Offers of donations of cash or items valued at \$5,000 or below shall be considered for acceptance the Department Head.
  2. Offers of donations of cash or items valued more than \$5,000 and up to \$50,000 shall be considered for acceptance the City Administrator. All donations over \$10,000 shall be reported to the City Council as informational.
  3. Offers of donations of cash or items valued more than \$50,000 shall be considered for

acceptance by the City Council. Conations valued at more than \$50,000 require acceptance through a written agreement consistent with these guidelines and approved by the City Council.

- 13.4 Acceptance of Designated Donations. Prior to acceptance of designated donations, appropriate City staff will review the conditions of any designated donation and determine if the benefits to be derived warrant acceptance of the donation. Criteria for the evaluation include but are not limited to:
1. Consideration of an immediate or initial expenditure required in order to accept the donation;
  2. The potential and extent of the City's obligation to maintain, match, or supplement the donation; and
  3. The need for the property, including where and what type of property it is.
- 13.5 Fundraising. Solicitation of voluntary contributions shall not violate the Code of Ethics for local officials under Wisconsin Statutes and City of Baraboo Code of Ordinances. In addition, no solicitation shall state or imply that a donation will influence or affect how the party is treated by City officer and employees.
1. All fundraising and solicitation efforts shall be consistent with the missions, goals, and mandates of the City. Solicitation for business, commercial, or personal reasons by City employees not directly related to City operations is prohibited. All donated funds or property become public property upon acceptance and shall be used or expended for public purposes.
  2. All significant fundraising and solicitation efforts, as reasonably defined by the City Administrator, which support City programs and projects shall be authorized by the City Council after prior review and recommendation by the appropriate oversight Committee, Commission or Board. Council authorization may include continuing authorization or authorization for a one-time only project.
- 13.6 Accounting. Following donation acceptance, the Department shall obtain written approval of Finance Director or delegate regarding procedures to account for the donation. Said approval shall include proper accounting protocols for fundraising revenues and expenditures to be coordinated through the office of the Finance Director. No Department shall be allowed to maintain a checking or savings account for fundraising activities that is separate from the City accounting system. The Finance Director shall also be responsible for ensuring donated property is properly insured upon acceptance of said property.
- 13.7 Status of Donated Property. All donated property given to the City of Baraboo becomes the property of the City to oversee, maintain, and manage and may be used in the complete discretion of the City, unless the parameters of the donation specifically require otherwise. The City will decide when changes shall be made to any facility or materials, with no guarantee of donated items being retained. If personal property becomes obsolete, the City will attempt, if possible, to find another use for the property. The City is not required to maintain the property beyond its useful life. The City does not guarantee future funding for repair, maintenance, use or replacement of donated items.
- 13.8 Library Donations. All donations to the library are governed by its Gift Policy adopted November 19, 2013, and as amended.

**SECTION XIV**  
**MISCELLANEOUS CONSIDERATIONS**

- 14.1 Encumbrances and Financial Recordkeeping. Encumbrances are commitments related to purchase orders or contracts that have been issued, but for which no goods or services have yet been received. Encumbrances are recorded as they occur for budgetary control purposes.

The issuance of a purchase order or the signing of a contract creates an encumbrance of the amount required to be paid during the current year. This amount is no longer available for obligation or expenditure, unless the purchase order or contract is canceled. Encumbrance records shall be maintained by the City Finance Director.

- 14.2 Non-Budgeted Items. Purchases that have not been provided for in the current budget will require Council approval through budget transfers or amendments. The Department Head shall notify the City Finance Director and provide written documentation regarding the expenditure. This information will be provided to the Finance Committee for a recommendation to Council concerning purchase approval and necessary budgetary transfers or amendments.

- 14.3 Insurance Claim and Settlement Proceeds. Purchases resulting from an accident or loss covered by the City's insurance policy or legal settlement will be treated as non-budgeted items. Although money will be received from the claim or settlement, this is deposited into an "Insurance Proceeds" revenue account. Purchases will be expended from the appropriate capital outlay or maintenance account, hence necessitating a budget amendment.

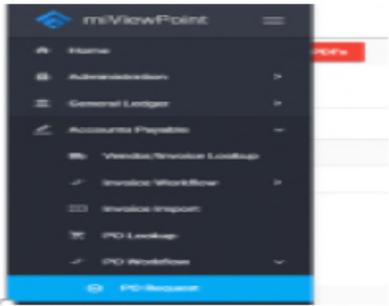
- 14.4 Property Room Surplus. Police Department property room surplus items shall be disposed of at the discretion of the Police Chief or designee and pursuant to State Statute. Any proceeds from the sale of said items shall be entered into the Police Property Surplus budget.

- 14.5 Local Merchants. The City will give utmost consideration to local merchants taking price and service into account.

- 14.6 Conflict Of Interest. Employees of the municipality are regulated by §946.13, Wis. Stat., and §1.77, City Code, concerning conflicts of interest. The statutory amount that an employee can earn directly or indirectly per 12-month period from the City for doing contracted work for the City is \$15,000.00. For lesser amounts, it shall be unethical for any City employee to participate directly or indirectly in a purchase or contract when the City employee or any member of the employee's immediate family has a financial interest pertaining to the contract or purchase unless the contract has been competitively bid or the service is highly specialized and only one supplier is available, and the employee has followed the procedure set forth in §1.77, City Code,.

- 14.7 New Vendors. New vendors must be approved and created by the Finance Department prior to the purchase being initiated to satisfy internal control procedures. The Purchase Order Software will not complete the requisition process until the vendor has been created. To facilitate approval, complete the New Vendor Request Form and submit it to the Finance Department.

Utilizing miViewPoint



Here is where you attach back up.

PO Number automatically generated

If you are using a single vendor for multiple purchases, use blanket PO

This should populate when you select a vendor.

This amount must agree with the Extended Price below.

Vendor Name: Select a vendor  
 PO Number: 2019  
 PO Type: Regular  
 Blanket PO: Select a blanket PO number  
 Total Amount: .00  
 Department: Select a department

Search To Address: Select an address  
 PO Date: 02/05/2019  
 Issue Date: 02/05/2019  
 Shipping: Select a shipping location  
 Default QL Period: 02/19/2019 - 02/26/2019  
 Notes: Enter any notes  
 Show Notes on PO Form

Description	Quantity	Unit Price	Extended Price	Unit Price	Quantity	Shipping	PO	Budget

Input the purchase description here.

Make sure the Extended Price agrees with the total above

The Extended Price should not exceed budget. If it does, a budget amendment is needed.

Description	Quantity	Unit Price	Extended Price	Unit Price	Quantity	Shipping	PO	Budget
Disruptive impact	1.00	\$1.00	\$1.00				00.00	00.00

## PURCHASING WORKFLOW FOR CITY DEPARTMENTS

City departments may use this as a general guide for purchases, but this is intended to be a summary only and does not supersede the material contained in the Purchasing Policy.

### PURCHASE UNDER \$1,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department should competitively bid, but not required.
3. Department determines if purchase will require a contract.
  - If YES:
    - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
    - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
    - c. Original copy of contract goes to City Clerk for filing in the Vault.
  - If NO:
    - a. Department places order.
    - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

### PURCHASE BETWEEN \$1,000 - \$10,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.
4. Department determines if purchase will require a contract.
  - If YES:
    - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
    - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
    - c. Original copy of contract goes to City Clerk for filing in the Vault.
  - If NO:
    - a. Department places order.
    - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

### PURCHASE BETWEEN \$10,001 - \$50,000

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.

5. City Administrator approves purchase order requisition.
- 6.. Department determines if purchase will require a contract.
  - If YES:
    - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
    - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
    - c. Original copy of contract goes to City Clerk for filing in the Vault.
  - If NO:
    - a. Department places order.
    - b. When Department receives bill/invoice, this must entered into *MiViewPoint*

#### **PURCHASE \$50,001+**

1. Department verifies purchase is within budget or obtains approval from Council via Finance/Personnel Committee.
2. Department competitively bids for the purchase pursuant to Purchasing Policy.
3. Department completes purchase order requisition and submits copies of bids/quotes to Finance Department (*done in MiViewPoint*).
4. Finance Director approves purchase order requisition.
5. City Administrator approves purchase order requisition.
6. Purchase Order requisition requires approval from Common Council ONLY IF the item was not previously approved by Council.
7. Department determines if purchase will require a contract.
  - If YES:
    - a. Submit vendor's contract to City Attorney for review or contact City Attorney for contract drafting.
    - b. Contract is signed by Finance Director, City Administrator or Mayor (2 of 3) AFTER the vendor has signed.
    - c. Original copy of contract goes to City Clerk for filing in the Vault.
  - If NO:
    - a. Department places order.
    - b. Invoice must be entered into *MiViewPoint* and original placed in basket in Finance Dept.

# **CITY OF BEAVER DAM, WISCONSIN PROCUREMENT POLICY**

## **POLICY OBJECTIVE**

The City of Beaver Dam has adopted this procurement policy in order to provide City employees with uniform guidance in the procurement of professional services. The controls and procedures set forth are intended to provide reasonable assurance that the most cost effective service that serves the best interests of the City of Beaver Dam is obtained, while balancing the need for flexibility and efficiency in departmental operations.

## **COVERAGE**

This policy applies to the procurement of professional services by all departments and divisions of the City of Beaver Dam. More restrictive procurement procedures required by grants, aids, statutes or other external requirements or funding sources will take precedence. Nothing in this policy shall limit the statutory authority granted to the Police and Fire Commission or the Library Board.

## **GOALS**

1. To encourage open and free competition to the greatest extent possible.
2. To receive maximum value and benefits for each public dollar spent.
3. To ensure that all purchase contracts are made in compliance with federal, state and local laws.
4. To prevent potential waste, fraud, abuse and conflicts of interest in the procurement process.
5. To assure proper approvals are secured prior to the purchase, award of contract and disbursement of public funds.

## **ETHICAL STANDARDS**

All procurement shall comply with applicable federal, state and local laws, regulations, policies and procedures. The City's Personnel Policies and Procedures Handbook provides general ethical standards and conduct expectations.

In general, employees are not to engage in any procurement related activities that would actually or potentially create a conflict of interest, or which might reasonably be expected to contribute to the appearance of such a conflict.

1. No employee shall participate in the selection, award or administration of a contract if a conflict of interest would be involved. Such a conflict would arise when the employee, any member of his immediate family, business partner or any organization that employs, or is about to employ, any of the above, has a financial interest or other interest in the firm selected for award.
2. To promote free and open competition, technical specifications shall be prepared to meet the

minimum legitimate need of the City and to the extent possible, will not exclude or discriminate against any qualified contractors or vendors.

3. No employee shall solicit or accept favors, gratuities, or gifts of monetary value from actual or potential contractors, subcontractors or vendors.
4. Employees must maintain strict confidentiality in the procurement process and shall not impart privileged information to any contractors or vendors that would give them advantage over other potential contractors or vendors.
5. Personal purchases for employees by the City are prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases.

### **GENERAL GUIDELINES**

These general guidelines shall be adhered to as closely as possible by all departments in the procurement of professional services.

1. Purchase of Services is classified into the categories of professional services, contractor services, construction services and combined goods and service contracts.
2. Buy Local - It is the desire of the City to purchase locally when possible. This can be accomplished by ensuring that local vendors are included in the competitive solicitation process that will precede major purchases. It is also the desire of the City to purchase from disadvantaged enterprise businesses whenever possible as defined by Wisconsin Statute 84.06(1).
3. Cooperative Procurement Programs – Departments are encouraged to use cooperative purchasing programs sponsored by the State of Wisconsin or other jurisdictions. Purchases secured through these programs are considered to have met the requirements of competitive procurement outlined in this policy. Additionally, if identical services can be obtained at a lower price than current cooperative purchasing contracts, no additional quotes are required.
4. Purchasing Oversight – Department heads have the responsibility for procurement issues in their individual departments. A department head is defined as the City employee having responsibility for the department on behalf of which moneys were appropriated in the City budget for purchases.
5. Emergencies –When an emergency situation does not permit the use of the competitive process outlined in the policy, the applicable department head, Director of Administration and Mayor may determine the procurement methodology most appropriate to the situation. Appropriate documentation of the basis for the emergency should be maintained and filed with the City Clerk. All emergency purchases exceeding \$25,000 shall require the Department Head to provide written notice to the Common Council. An emergency is defined as flooding, tornado, dam breach, earthquake, FEMA qualified disasters, criminal or terrorist attacks on the City's infrastructure or other threat to employee and/or public health and safety.

6. Identical Quotes or Bids – If two or more qualified bids/quotes are for the same total amount, and quality or service is considered equal the contract shall be awarded to the local bidder. Where this is not practical the contract will be awarded by drawing lots in public.
7. Serial Contracting – No contract or purchase shall be subdivided to avoid the requirements of this policy. Serial contracting is the practice of issuing multiple purchase order to the same vendor for the same good or service in any 90 day period in order to avoid the requirements of the procurement policy.
8. Policy Review – This policy may be periodically reviewed by the Administrative Committee.
9. Protest Procedures – Any interested party who wishes to protest at any point in the procurement process, evaluation, award, or post-award, may do so. An “interested party” must, however, be an actual or prospective bidder or offeror whose direct economic interest would be affected by the award of the contract or by failure to award the contract. Protests must be submitted timely, in writing to the City Clerk, 205 S. Lincoln Ave, Beaver Dam WI 53916 but no later than five (5) working days following final Common Council action on the procurement decision. The protest must contain a detailed statement of the grounds for the protest and any supporting documentation. Upon the receipt of the written protest, the City Clerk will notify the City Attorney, Mayor and Director of Administration who will work to resolve the matter within five (5) working days. If the protester is not satisfied and indicates the intention to appeal to the next step the award will be temporarily suspended unless it is determined that: 1) the service to be procured is urgently required; 2) delivery or performance will be unduly delayed by failure to make the award promptly; 3) Failure to make the prompt award will otherwise cause harm to the City; or 4) The protest has no merit. If the protester wishes to appeal the decision of the City Attorney, Mayor and Director of Administration the matter will be forwarded to the committee, commission or board of jurisdiction and the Common Council for the ultimate local disposition.

### **COMPETITIVE PROCUREMENT POLICY**

1. Purchase of professional services under \$5,000 – The cost of the purchase which has been included within the approved department budget may be made based on the best judgment of the department head. However, it is recommended that competitive quotes be obtained. Specific procurement documentation is not required.
2. Purchase of professional services between \$5,000 to \$25,000 – The cost of the purchase must have been included within the approved department budget. The department **MUST** obtain (3) three written quotations, if possible.
3. Purchase of professional services in excess of \$25,000 – a formal bid process is required.
  - a. Requests for such bids shall be formally noticed. All notices and solicitations of bids shall state the time and place of the bid opening.
  - b. All bids shall be submitted in accordance with instructions supplied by the City.
  - c. All sealed bids shall be opened and recorded by the committee, commission or board of jurisdiction. The department head shall be responsible for the preparation of all plans, bid specifications, notices and advertising. Prequalification of bidders may be

done at the discretion of the department head. A tabulation of bids received shall be available for public inspection. The committee, commission or board of jurisdiction shall recommend award of contract to the Common Council.

- d. In general, the contract shall be awarded to the lowest priced responsible bid. Written documentation or explanation shall be required if the contract is awarded to other than the lowest responsible bidder. This documentation will include a justification as to why it was in the City's best interest to award the contract to other than the lowest responsible bidder.

4. The department head shall administer the purchase.

### **PURCHASE OF SERVICES**

Whenever practical the purchase of services should be conducted based upon a competitive process unless approved otherwise by the committee, commission or board of jurisdiction or the Common Council:

- Contractor services is defined as the furnishing of labor, time or effort by a contractor, usually not involving the delivery of specific goods or products other than those that are the end result of and incidental to the required performance. Examples of contractor service will include but are not limited to: refuse and recycling collection, snow removal, EMS billing services, janitorial, elevator maintenance, mailing, or delivery services. Contractor services shall follow the competitive procurement policy outlined above. The cost shall be determined by considering the maximum total expenditure over the term of the contract.
- Construction services are defined as substantial repair, remodeling, enhancement construction or other changes to any City owned land, building or infrastructure. Procedures found with in State of Wisconsin Statute 62.15 shall take precedence. In absence of guidance in these areas, construction services shall follow the competitive procurement policy outlined above.
- Combined Goods and Services in situations where the purchase combines goods and services (exclusive of construction and contractor services), such as many technology projects, the purchase shall be treated as a purchase of professional services.
- Professional services is defined as consulting and expert services provided by a company, organization or individual. Examples of professional services include: attorneys, certified public accountants, appraiser, financial and economic advisors, engineers, architect, planning and design. Professional services are generally measured by the professional competence and expertise of the provider rather than cost alone.
  1. If it is estimated that the service being solicited has a total cost of over \$25,000 a formal Request for Proposal (RFP) shall be used to solicit vendor responses. The department head shall be responsible for the preparation of all Requests for Proposal specifications, notices and advertising. Prequalification of proposers may be done at the discretion of the department head.
    - a) The Purpose of an RFP is to solicit proposals with specific information on the proposer and the service offered which will allow the City to select the best proposal. The best proposal is not necessarily the proposal with the lowest cost.

- b) Based upon the services or project and the magnitude of the outcome a selection committee may be advisable.
  - c) Requests for proposals shall be formally noticed. All notices and solicitations of proposals shall state the time and place of the proposal opening.
  - d) Information to be requested of the proposer should include : Number of years the proposing company has been in business, company's experience in the area of desired services, financial strength of the company, examples of similar services/projects completed, resumes of staff that will be associated with the project/service, list of references, insurance information. In addition the proposal should provide information about the City, scope of services requested and any outcomes. The proposal should also identify evaluation factors and relative importance.
  - e) Establish selection criteria and include this information with the RFP. It is generally advisable to establish a numeric ranking matrix. This reduces the subjective nature of the rating process.
  - f) Proposals should be solicited from an adequate number of qualified sources. Requests for proposal should be formally noticed. All notices and solicitations should provide the issue date, response due date, date and time of opening responses and a contact person.
  - g) Proposals shall be opened and recorded by the committee of jurisdiction. A tabulation of proposals received shall be available for public inspection. The Department Head and selection committee (if applicable) will then review the proposals and make a selection.
- Service contracts or agreements should be reviewed by the City Attorney.

### **SOLE SOURCE**

Purchase of services under \$25,000 may be made without competition when it is agreed in advance between the Department Head, Director of Administration and the Mayor. Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand public and legislative scrutiny. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available. Sole source purchasing criteria include: urgency due to public safety, serious injury, financial or other unusual and compelling reasons, service is available from only one source and no other service will satisfy the City's requirements, legal services provided by an attorney, lack of acceptable bids or quotes, an alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs, standardization of a specific product or manufacturer will result in a more efficient or economical operation, aesthetic purposes or compatibility is an overriding consideration, the purchase is from another governmental body, continuity achieved in a phased project, the supplier or service demonstrates a unique capability not found elsewhere, economical to the city on the basis of time and money of proposal development.

1. Sole source purchase under \$5,000 shall be evaluated and determined by the Department Head.
2. Prior to a sole source purchase of \$5,000 to \$25,000 a formal written justification shall be forwarded to the Director of Administration who must concur and sign off with his or her

approval the sole source or assist in locating additional competitive sources.

3. Sole source purchase exceeding \$25,000 must be approved by the Common Council based upon a recommendation from the committee of jurisdiction.

### **BUDGET**

All purchases shall be made in accordance with the budget approved by the Common Council. The department head has the responsibility for managing departmental spending to ensure the departmental budget is not overspent and for initiating Transfer of Funds Requests when appropriate.

Contracts shall be signed by the Mayor and counter-signed by the City Clerk, City Director of Administration and City Attorney. The City Director of Administration shall certify that funds have been provided by the Council to pay the liability that may be incurred under the contract. The City Attorney shall approve the contract as to form and the City Clerk shall attest to the Mayor's signature.

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**CITY OF FIRCREST  
ORDINANCE NO. 1633**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FIRCREST,  
WASHINGTON, ADDING CHAPTER 3.50 TO THE FIRCREST MUNICIPAL  
CODE PROVIDING FOR THE ACCEPTANCE OF DONATIONS.**

**WHEREAS**, RCW 35.21.100 requires that “every city and town by ordinance may accept any money or property donated, devised, or bequeathed to it and carry out the terms of the donation, devise, or bequest, if within the powers granted by law. If no terms or conditions are attached to the donation, devise, or bequest, the city or town may expend or use it for any municipal purpose.”; and

**WHEREAS**, the City has not delegated its authority to accept donations on behalf of the City; and

**WHEREAS**, the City has a need for a general ordinance to establish a policy and means for the receipt of and the accounting for donations to the City. Now, Therefore,

**THE CITY COUNCIL OF THE CITY OF FIRCREST DO ORDAIN AS FOLLOWS:**

**Section 1.** A new chapter is hereby added to the Fircrest Municipal Code Title 3 Finance to be known as Chapter 3.5 and reads as follows:

“ACCEPTANCE OF DONATIONS TO THE CITY

Sections:

- 3.50.010 Purpose.
- 3.50.020 Definitions.
- 3.50.030 Administration.
- 3.50.040 Accounting.
- 3.50.050 Accounts Established.
- 3.50.060 Acceptance of donations in general
- 3.50.070 Acceptance of monetary donations.
- 3.50.080 Acceptance of nonmonetary donations.

3.50.010 Purpose.

The purpose of this chapter is to authorize the acceptance of donations for any public purpose, pursuant to RCW 35.21.100, and to specify policies and procedures for doing so.

3.50.020 Definitions.

“Donation” is defined as any monetary or nonmonetary gift, grant, devise or bequest to the city of Fircrest. A monetary donation includes cash or a check, money order or other negotiable instrument. A nonmonetary donation includes real or personal property. In the event of a stock donation, since a government entity is not legally able to own stock, such a donation would be liquidated and turned into cash or another liquid asset, and treated as a monetary donation prior to acceptance by the City.

“City Manager” means the City Manager of the City of Fircrest, or his or her designee.

3.50.030 Administration.

1 The City Manager shall have the responsibility for the administration of all donations to the City  
2 and may issue procedures to implement this ordinance.

3 3.50.040 Accounting.

4 The City of Fircrest Finance Department is responsible for providing for the deposit and financial  
5 administration of any donation to the city. If necessary, the Finance Department shall track the  
6 proposed use of any such donation and shall maintain separate records of accounts showing  
7 receipts and disbursements. The Finance Director may establish further rules and regulations for  
8 the accounting and administration of donations, consistent with this chapter, as deemed necessary  
9 by the director.

10 3.50.050 Accounts established.

11 There are hereby established special accounts, to be designated “contributions and donations  
12 from nongovernmental sources.” The purpose of these accounts is to provide for the deposit of  
13 monetary donations, and for accounting for nonmonetary donations to the City.

14 3.50.060 Acceptance of donations in general.

15 The City has the discretion to accept or decline any proposed donation, whether conditioned or  
16 not, subject to the provisions of this chapter. In the event the City Manager has reason to believe  
17 a donation could cause or result in an appearance of impropriety, the City Manager shall consult  
18 with the City Attorney prior to accepting the donation. Conditioned donations shall be assigned  
19 to a project or existing fund consistent with the donor’s desired use, as long as such condition(s)  
20 do not conflict with city, state or federal law, in which case the city shall ask that the condition(s)  
21 be removed or decline the donation.

22 3.50.070 Acceptance of monetary donations.

23 A. The City Manager is hereby authorized to approve on behalf of the City all monetary  
24 donations to the City of Fircrest. All monetary donations approved by the City shall be  
25 deposited into the appropriate account as established in this chapter. In the event that a  
26 monetary donation is conditioned or donated for a special purpose, prior to acceptance, the  
27 City Manager, should consider the long-term impacts of the donation, particularly where  
28 there could be significant future or ongoing operations and maintenance or capital costs  
29 associated with the donation. In addition, if a donation could have long-term impacts, such  
30 as significant operations and maintenance or capital costs, the City Manager shall consult  
31 with the City Council prior to accepting the donation.

B. The City Manager, at his/her discretion, is authorized to refuse any monetary donation.

C. If a donor has not specified a particular desired use, the donation may be used for any  
municipal purpose.

D. Council Notification. Staff should notify Council of all accepted donations over \$5,000 so  
that the donor’s generosity can be officially acknowledged by Council.

3.50.080 Acceptance of nonmonetary donations.

A. All donations of personal property may be accepted by the City Manager, after assessment  
of required future maintenance or repair. In addition, if a donation could have long-term  
impacts, such as significant operations and maintenance or capital costs, the City Manager  
shall consult with the City Council prior to accepting the donation.

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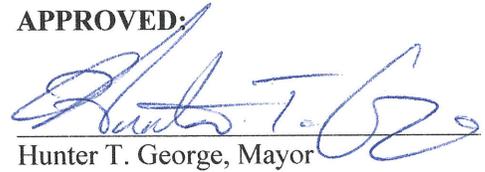
B. Donations of Real Property. All donations of real property, whether conditioned or unconditioned, must first be approved by the city council by resolution.”

**Section 6. Severability:** If any section, sentence, clause, or phrase of this ordinance should be held invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause, or phrase of this sentence.

**Section 7. Publication and Effective Date:** A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. This ordinance shall be effective five (5) days after such publication.

**PASSED BY THE CITY COUNCIL OF THE CITY OF FIRCREST, WASHINGTON,** at a regular meeting thereof this 12th day of February 2019.

**APPROVED:**

  
Hunter T. George, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Jessica Nappi, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Michael B. Smith, City Attorney

**DATE OF PUBLICATION:**  
**EFFECTIVE DATE:**

**Lake Mills**  
**Policies and Procedures**  
**Prepared by James Heilman, Finance Director**  
**March 25, 2013**

**Policy: Purchasing and Bidding**

**Title:** Purchasing Procedure

**Reviewed by:**

**Implementation Date:**

**Revision Date:**

**Next Scheduled Review Date:**

**Approval:**

**Policy Statement:** Being an employee of the City of Lake Mills is a public trust. It is the City's policy to promote and balance the objective of protecting the City's assets and integrity while recruiting and retaining qualified public service personnel who are expected to perform their job functions with the highest standards of ethical conduct. City employees should conduct themselves in such a manner as to foster public confidence in the City of Lake Mills' governance.

City employees who are empowered with purchasing authority are particularly in positions of trust, confidence and responsibility and it is their duty to obtain the best value for the materials, equipment and services that they purchase, while maintaining the highest ethical standards when dealing with vendors and suppliers. The value of a purchase includes price, quality and service.

It is the City of Lake Mills' goal to ensure that:

- Responsible bidders are given a fair opportunity to compete for the City's business.
- This is done partially by the Wisconsin Statutory requirements for public construction to be purchased through competitive bidding and proposals and partially by the procedures setup through the City's Purchasing Policy and Procedure for goods and services.
- Public funds are safeguarded.
- The best value possible is received for the public dollar, and
- Public spending is not used to enrich elected City Officials or employees or to confer favors by them on favored constituents.

**PURPOSE OF POLICY AND PROCEDURE:**

The Purchasing Policy and Procedure provides the necessary basic instructions, guidelines and information for the procurement of equipment, materials, supplies, services, rentals, leases, independent contractor agreements and other goods or

services for the City of Lake Mills. The efficiency and effectiveness of any public sector purchasing program is founded on sound principles of management decision-making. This Purchasing Policy and Procedure defines basic principles of purchasing and is incorporated into the City's Policies and Procedure Manual.

A Purchase Order document initiates the purchasing and procurement process. Please refer to Section, "**HOW TO ISSUE A PURCHASE ORDER**" for an explanation on how to initiate and make a purchase through the purchase order system.

### **BASIC PRINCIPLES OF PURCHASING AND INTERNAL CONTROLS:**

The City of Lake Mills utilizes comprehensive checks and balances to ensure the propriety of the Purchasing Policy and minimize risks and errors and the possibility of collusion and fraud. Some of the basic purchasing principles and goals that City employees should be aware of include:

- New vendors/suppliers are investigated and evaluated.
- New vendors/suppliers are approved before adding to vendor Master File List.
- Competitive prices are evaluated and obtained.
- Purchases are made with the appropriate level of authorization and approval.
- Purchase Orders are properly authorized and prepared.
- Purchases that exceed a department's budget are prohibited.
- Accounts payable disbursements are made with the proper approval.
- Receipt, custody and verification of goods and services are documented.
- Prices charged on vendor/suppliers' invoices match the Purchase Order or pricing program.
- All emergency purchases must be fully justified to eliminate the unnecessary use of emergency purchases for non-emergency situations whenever possible and procedures must be implemented to track emergency purchases so any misuse of this nature can be easily detected.
- Amounts that are recorded in or disbursed from accounts payable match the approved vendor/supplier invoice(s).
- Volume purchase discounts should always be taken whenever available.
- Duplicate vendor/supplier invoice numbers are not allowed to be recorded in the accounts payable program.
- The accounts payable program does not allow an invoice number to be paid more than one time.
- Outstanding credit memos should be routinely reviewed and applied to current or future vendor/supplier invoices.
- Vendor/supplier invoices are coded to the correct general ledger account.
- Purchases that have been made are always recorded in the accounts payable program and paid on a timely basis.
- When accounts payable disbursements are made, checks are printed and shown as paid.
- Manual check payments are recorded in the general ledger.
- Payments are recorded in the proper accounting period.

- The accounts payable purchase details are summarized, posted to the general ledger and are in balance with one another.
- The accounts payable disbursement details are summarized, posted to the general ledger and are in balance with one another.
- Accounts payable duties and responsibilities are effectively segregated to minimize the risk of collusion or fraud.
- Whenever possible the City should participate in cooperative joint-purchasing programs with other public-sector entities to achieve cost savings through volume discounts.
- Personnel who are authorized to purchase must ensure that the State of Wisconsin bidding and purchasing laws and standards are carefully and scrupulously followed.

Each Department Head must make sure that the foregoing principles and guidelines and all other provisions of this Purchasing Policy and Procedure are in effect before orders are placed with vendors/suppliers.

Additionally, each Department Head must ensure that adequate supporting documentation is requested and received from vendors/suppliers to completely and accurately describe the goods and/or services purchased and received.

#### **Types of Purchases:**

There are several different types of purchases that can be made by City departments. Since non-routine categories of purchases frequently require more time to process they should be minimized. Some of the different types of purchases include:

##### **Non-Stocked Items:**

These are items that are not stocked or warehoused by the City. They may or may not be a standardized items but are not in such constant demand as to be considered a negotiated price quote.

##### **Stocked or Warehoused Items:**

These items are in such constant usage by the City that they are routinely stocked and are usually purchased on annual contracts with provisions to replenish stocks as needed. Such items should be standardized to the extent possible.

##### **Emergency:**

Emergency purchases are those which are made to meet critical needs of the City in cases where its capacity to serve the public would be impaired if the purchase was not immediately made. Purchases which are designated as emergency are those which would normally be procured through routine procedures, but because of the emergency status are exempt from those procedures.

**Sole Source:**

Sole source purchases are available from only one supplier for various reasons such as patents, copyrights or because the vendor is the only source for that product or service. These purchases are normally exempt from the bidding requirements. The City may be required to certify that only one supplier is available.

A written memorandum must accompany the Purchase Order explaining and describing the conditions which make a supplier a **sole (single) source**. Additionally, departments are responsible for soliciting competitive quotations from vendors, therefore any Purchase Order with only one quotation attached requires a written explanation.

**Registrations:**

Registrations for professional conferences, conventions, short schools, seminars and conventions for employees must be authorized by the City Manager and are subject to the City's Travel Policy.

**Travel:**

Meetings, visits to other cities and special leave expenses for the benefit of the City are subject to the City's Travel Policy.

**Publications:**

Books, magazines, periodicals and newspapers may be provided for by the City. Departments should coordinate these purchase functions to eliminate duplication. Books are sometimes subject to special rules. Please contact the Treasurer-Finance Director for any questions concerning these special rules.

**Memberships:**

Memberships in trade or professional organizations are processed through administration. The membership applications will be justified by the needs of the City and require City Manager authorization.

**Services:**

Many types of services are needed by the City. The department will procure these services in accordance with State of Wisconsin Statutory Law, including professional services, which may be procured under special rules.

**SPENDING AUTHORIZATION REQUIREMENTS:**

**\$0.01 - \$1,000.00:**

Bids/quotations are not required. Requires Department Head and City Manager approval as well as verification of available funds from the Finance Director/Treasurer.

**\$1,000.01 - \$15,000.00:**

Same as above.

### **Specifications of Material or Equipment:**

All quotations must include accurate specifications which include a complete description of the material or equipment to be purchased and adhere to the following guidelines:

- Keep the specifications as simple as possible but specific enough that a loophole will not allow a vendor to evade any of the intended provisions of the purchase or take undue advantage of the City.
- The item(s) should be identifiable with some brand or specification already on the market.
- The item(s) should be capable of being inspected to assure quality control and permit acceptance or rejection.
- The item(s) should be available by more than a sole vendor. The department shall attempt to contact at least three (3) businesses when making a purchase of more than \$1,500 but less than \$15,000. Copies of the quotes must be kept on file with a written explanation of why the vendor was selected.

### **\$15,000.01 - \$24,999.99:**

Written quotations must be solicited which can be accepted via mail, or facsimile. The **Written Specifications** of material or equipment requirements are the same as listed in the above Section.

### **Budgeted Transfers From One Fund To Another Fund and Debt Service Payments:**

Transfers of payroll related items or capital items require the approval of the City Council. Department Directors can transfer funds between operating accounts.

### **\$25,000 & Up:**

These purchases require sealed requests for bids/proposals. All bids, except for construction projects, must be processed through the City Clerk-HR. Bids should be developed on City forms then forwarded to the City Clerk-HR's Office for mailing, publishing, opening, rejection and award. All required forms, quotes and requests for proposals or bids shall be submitted with a purchase order.

### **Competitive Bidding and Competitive Proposal Requirements:**

The City of Lake Mills must be compliant with **Wis. Stats. §§ 62.15, 66.0901, and 66.0903**, which states regarding public works construction: "a public construction contract requires that such contract be let to the lowest responsible bidder."

State law requires local units of government to competitively bid for "public construction" when the estimated cost exceeds \$25,000. Public Construction Bidding over \$25,000 requires a Class 2 Notice. Class 2 Notices must be published two times (once per week for two consecutive weeks, the last of which should be at least one week before the bids are to be opened) in the newspaper designated by the municipality's governing body as the "official newspaper of public record".

If the estimated cost of public works construction is between \$5,000 and \$25,000, Wisconsin Statutes require that each municipality issue a Class 1 notice concerning the proposed project before a contract is executed.

This requirement varies depending on the definition of "public construction" and to ensure that the applicable state laws are complied with and satisfied the purchaser should:

- Read the law concerning municipal purchasing; or
- Make an inquiry to the Finance Department concerning the proper procedures; or
- Request an opinion from the City Attorney through the City Manager's Office.

#### **Purchase Orders With Contract Change Orders:**

For original purchase orders less than \$15,000.00, change orders increasing or decreasing the original purchase order by not more than ten Percent (10%) shall be approved by the City Manager or his/her designee.

For original purchase orders between \$15,000.00 and the State bidding limit, change orders increasing or decreasing the original purchase order by not more than Fifteen Percent (15%) shall be approved by the City Manager or his designee.

For original purchase orders for bid items approved by the City Council, change orders increasing or decreasing the original contract or bid amount by an aggregate amount of more than the State authorized level or Fifteen Percent (15%) may not be approved.

In no case shall the combined total of all change orders exceed an increase of Fifteen Percent (15%) of the original contract amount.

#### **Bid Openings:**

All formal bids/proposals shall be submitted to the City Clerk's Office where they are date and time stamped upon receipt. Bid openings are conducted on Thursdays starting at 1:00 p.m. at the location specified in the invitation to bid. Vendors and the public are invited and encouraged to attend. Bids/proposals received after the specified date and time deadline are disqualified. Late bids/proposals cannot be considered for award of purchase.

#### **Bidder(s)' Protest Procedure:**

##### **PROTEST:**

A statement of protest, if any, shall be submitted to the City of Lake Mills' Finance Department for transmittal to and consideration by the City of Lake Mills.

A protest must be submitted in writing and must be supported by sufficient information to enable the protest to be considered. A protest will not be considered if it is insufficiently supported or it is not received within the time limits set forth in the below paragraph entitled TIMELINESS. A protest may be submitted based upon the following reasons:

A protest relating to restrictive procedures, alleged impropriety, or other similar situations arising prior to bid opening, or

A protest of the award of contract or alleged impropriety arising after bid opening as set forth in the below section entitled TIMELINESS.

**TIMELINESS:**

To be effective, a protest must be submitted so that it is received by the Contracting Officer by the following deadlines:

A protest based upon restrictive procedures, alleged impropriety or other similar situations arising prior to bid opening must be received by the City of Lake Mills' Finance Department no later than five (5) working days prior to the specified bid opening date and may only be protested once.

A protest of the award of contract or alleged impropriety arising after the bid opening must be received by the City of Lake Mills' Finance Department within five (5) working days following the earlier of the date on which the bidder knew or the date on which a diligent bidder would have known of the award or alleged impropriety.

**HOW TO ISSUE A PURCHASE ORDER:**

A Purchase Order document initiates the procurement process for purchases. A Purchase Order represents a binding and enforceable agreement with a vendor/supplier to provide the goods and services in accordance with the terms and conditions of the Purchase Order and associated documents. The City of Lake Mills Purchase Orders are sequentially-numbered.

**NOTE:** Procurement by Credit Card can be used for purchasing of relatively low-dollar and high volume items such as materials and supplies that are routinely consumed in the normal course of operations. The Credit Card is intended to complement, not circumvent the Purchase Order program.

**Procedure To Issue A Purchase Order:**

1. The department head or other authorized employee creates a purchase order for the procurement of goods or services by entering all of the pertinent information relating to the purchase that includes:

- Ship To Address (and Attention )
- Bill To Address:
  - This is unnecessary unless the Bill To Address is different from the Ship To Address.
- Vendor Number
- Vendor Name and Address:
  - The vendor's name and address is automatically activated by the vendor number which is setup in the vendor master file.
- Purchase Order Number:
  - The purchase requisition and purchase order numbers are both computer-generated, sequentially-numbered and are both different thereby

preventing additional purchases from being made from the same original purchase requisition and purchase order numbers.

- Purchase Order Type
- Purchase Order Date
- Account to be used for payment
- Ordering Unit and Buyer Name:
  - This identifies the department making the purchase and the specific fund that the vendor invoice will be paid from.
- Body of the Purchase Order :
  - The order should be described in as much detail as space permits and should specify exact quantity, unit of measure, manufacturing number, description of goods or service, unit price and total price. Special comments or terms can be added when creating the purchase requisition. The freight F.O.B (Free on Board) options of Destination or Origin should be noted if the product is shipped.

Employees, who are designated by memorandum furnished to the Finance Department, may sign a Purchase Order for a purchase or payment authorization up to a specified limit that is set by the Department Head.

The Department Head approves or rejects the purchase order and notifies the Finance Department of the proposed purchase.

The Treasurer-Finance Director and City Manager review the departmental purchase orders that have been initiated to determine whether or not there are sufficient funds available in a particular fund for a proposed purchase.

If the proposed expenditure exceeds the balance in the Account, the Treasurer-Finance Director notifies the department buyer who issued the purchase order. It is the department's responsibility to maintain sufficient funds in the budget account to allow for purchases. If the account lacks sufficient funds, the department shall choose one of the following three (3) procedures:

- Withdraw the request, or
- Request a transfer of funds within the department operational budget accounts, or
- Request a budget amendment

*Any change to the operational budgets requires the Finance Director/Treasurer approval. Budget amendments and fund transfers require the City Council's approval.*

The Finance Department then returns both parts (3-part for utility dept. purchases) of the Purchase Order to the originating departmental buyer. A purchase order will be returned to the department buyer the next business day.

The departmental buyer orders the goods and/or services.

After the ordered goods have been received or the services have been provided and the purchasing department has ensured that all goods and services ordered have been received or provided, the department buyer will initial and attach the original Purchase Order to the vendor invoice, bill of lading, packing slip, correspondence and all other

receiving and supporting documentation. The department buyer will then forward all of these documents in their entirety to the Finance Department for vendor invoice payment processing.

**NOTE:** The Finance Department distributes monthly budget expenditure reports to departments for their review and analysis on the 15th calendar day of each month.

## City of Sun Prairie Purchasing Policy

<b>Title: Purchasing Policy</b>	
Policy Source: Finance Committee	Creation Date: 10/15/02
Application: Financial Management	Revision Date: 8/4/15, 2/6/18
Indexed as: Purchasing Policy	Total Pages: 9

### 1. General Policy and Purpose

The purchase of goods and services is a central function of the City of Sun Prairie. A fair, efficient and accountable purchasing process is vital to providing quality services and maximizing the value obtained for taxpayer dollars. It is the responsibility of all City employees and elected officials to ensure that purchases are made in the best interest of the City. The procedures outlined in this policy are intended to provide an effective and efficient means of meeting this goal.

### 2. Definitions

*Sole Source* – An item shall be considered sole source if there is only one vendor that supplies the item and there is no equivalent substitute. Items that are made by one manufacturer but sold through multiple vendors are not to be considered sole source.

- The item or service is only available from a single source;
- After competitive procurement solicitations, competition is determined to be inadequate;
- An alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs;
- Standardization of a specific product or manufacturer will result in more efficient and economical operations;
- The purchase is from another governmental body;
- The item is being purchased through a cooperative purchasing arrangement such as the V.A.L.U.E. group, State bid list, or State of Wisconsin VendorNet.

*Informal Quote* – An informal quote may be obtained verbally or by examining published prices. When soliciting an informal quote, the department should maintain documentation of who provided the quote and when it was obtained.

*Formal Quote* – A formal quote must be supplied in writing. Formal quotes may be received by letter, fax or email. Documentation of the quote should be maintained throughout the purchasing process.

*Formal Bid* – A formal bid process requires that vendors provide sealed bids prepared in response to specifications provided by the City. The bids should be opened publicly and the documentation should be maintained throughout the purchasing process.

*Surplus Property* - City property may be declared surplus when it is no longer necessary, practical, or economical to be retained by the City.

### 3. Objectives

- To create a competitive, fair and ethical purchasing process that will ensure that the maximum value is obtained for every dollar expended;
- To allow the City to obtain quality goods and services that will allow for the provision of programs in a timely and effective manner;
- To establish a standardized purchasing process that will promote equity and efficiency;
- To provide adequate budgetary and cost controls;
- To conduct all purchasing in a manner which ensures equal opportunity and non-discrimination;
- To ensure that the entire purchasing process meets the highest ethical standard without conflict of interest or the appearance of impropriety.

### 4. Roles

- City Council – Approves the City budget, which allocates funds for all purchases. Council approval is required to change budget levels, authorize borrowing, acquire property, or to approve new programs.
- Mayor – Annually presents a balanced budget to the Council. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make that purchase, the Mayor is authorized to cosign contracts on the City's behalf. See resolution 18/XXX.
- Public Works Committee – According to state statute 62.15(1), "All public construction, the estimated cost of which exceeds \$25,000, shall be let by contract to the lowest responsible bidder; all other public construction shall be let as the council may direct." The Public Works Committee oversees the process of approving the award of public construction contracts in accordance with this statute. Public construction includes capital improvements such as street reconstruction, stormwater facilities, and municipal buildings.
- City Administrator – Approves purchases of materials, equipment and services in excess of \$25,000. This authority may be delegated to the Director of Administrative Services/Finance Director. The City Administrator may approve budget adjustments within departments. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make that purchase, the City Administrator is authorized to cosign contracts of up to \$25,000 on the City's behalf. See resolution 18/XXX.
- Finance Department – Oversees all City purchasing and monitors compliance with the City purchasing policy. Approves purchase orders for items in excess of \$2,500 and less than \$25,000 or as delegated by the City Administrator. Monitors expenditures in comparison to budgeted levels. If all the steps required by section 6 of this policy or state statute section 62.15 have been completed for the purchase of a good or service and a written contract is required to make the purchase, the Finance Director is authorized to cosign contracts on the City's behalf. See resolution 18/XXX.
- Department Heads – Department Heads or their designees are responsible for making necessary purchases for their departments within the confines of the City purchasing policy and approved budget. They are also responsible for receiving items and verifying that the terms of the purchase have been completed. Department Heads are also responsible for administering replacement plans within their area of authority.
- City Employees – Make purchases and receive items with the approval of their Department Head. All employees who are authorized to make purchases are responsible for following the City's purchasing policy and ensuring that purchases are made under the highest ethical standard.

**5. Competitive Purchasing**

In general, the City can obtain the highest quality goods and services at the lowest price by following a competitive purchasing process. It is City policy to obtain at least three price quotations from different suppliers prior to making a purchase. Exceptions to this requirement are allowed for in this policy only when it is in the best interest of the City. Potential exceptions include:

- Purchases for which there is only one (or two) supplier(s) [sole source products]
- Emergency purchases
- Purchases under \$2,500 from a supplier that has offered the best price and quality for a category of items based on periodic bids/proposals solicited by the City at least annually. The Finance Department will take the lead in researching and soliciting proposals for items that are used by multiple departments.
- Purchases made from the state bid list.
- Certain professional services where the City Administrator has waived the competitive bid requirement due to the quality of the firm and the service to be provided. Quotes from various vendors should be obtained periodically and should be one of the factors in selecting the vendor to perform the service.

**6. Purchasing Requirements**

The process for making purchases varies depending on the total cost of the purchase. The staggering of purchases or dividing purchases to intentionally evade this policy is strictly prohibited.

Purchase Cost	Authority Required	Purchasing Process	Competitive Requirement
Less than \$2,500	Department Director or Designee	Purchase Order/Procurement Card	Periodic quotes or 2 informal quotes
Over \$2,500 and less than \$25,000	Finance Department	Purchase Order/Procurement Card	3 formal quotes
Over \$25,000	City Administrator	Purchase Order/Procurement Card	Formal Bid Process

**6.1 Purchases Under \$2,500**

Purchases under \$2,500 may be made with the approval of City Department Heads or their designees. Whenever possible, at least two informal (verbal) price quotations must be obtained prior to making the purchase. Quotations are not required for items purchased from a vendor that has offered the best price and quality on a category of items based on periodic bids/proposals solicited by the City at least annually. Department Heads are responsible for monitoring all purchases made using this procedure to ensure that the City is receiving a high value for its expenditures. For items that are purchased regularly or by multiple departments, departments are encouraged to explore the possibility of cooperative purchasing or purchasing in bulk in order to reduce City costs.

**6.2 Purchases of at least \$2,500 and under \$25,000**

Purchases of at least \$2,500 and less than \$25,000 require the prior approval of the Finance Department. Department Heads or their designees are responsible for obtaining and documenting at least three formal (written) price quotations for the proposed purchase. This information is provided to the Finance Department along with a Request for Purchase Order. The request should also include a description of the item, the account number where it was budgeted and the vendor selected. If the

selected vendor does not offer the lowest price, the request should include an explanation of why another vendor is recommended.

The Finance Department reviews the request to determine compliance with the City's budget and purchasing policy. If approved, the Finance Department will issue a purchase order to the department. This purchase order should be used when making the purchase and the purchase order number must be written on the invoice when it is submitted for payment.

Equipment in excess of \$5,000 per unit is considered a major capital item and should be budgeted as part of a budget initiative or replacement plan. When purchased, the department should code the payment to the account number where the item was budgeted.

### **6.3 Purchases of \$25,000 and over**

All other purchases of materials, equipment and services in excess of \$25,000 require the approval of the City Administrator prior to completing the purchase or signing the contract. In general the City requires an RFP process with at least three proposals for purchases of this size. The City Administrator may waive the bid or RFP requirement for professional services if he or she determines that it is the City's best interest.

Public construction projects with an estimated cost greater than \$25,000 require approval of the Public Works Committee and must be let by contract to the lowest responsible bidder as required in Wisconsin State Statute 62.15(1). Also per statute 62.15 the City Council may by a three-fourths vote provide by ordinance that any class of public construction project may be done directly by the city without submitting the project for bids.

Department Heads or their designees are responsible for conducting the public bid or RFP process and providing the results to the Finance Department. If a contract is required, the department will work with the City Attorney to draft a contract for signature by the Mayor or City Administrator. The contract will then be presented to the Common Council for approval. Then the department will prepare a Request for Purchase Order. The request should also include a description of the item, the account number where it was budgeted and the vendor selected. If the selected vendor does not offer the lowest price, the request should include an explanation of why another vendor was chosen.

## **7. Purchasing Issues**

### **7.1 Discounts and Master Purchase Agreements**

It is the City's policy to take advantage of vendor discounts for prompt payment whenever possible in order to minimize the cost of a purchase. Department Heads are responsible for determining if discounts are available and for working with the Finance Department to obtain the lowest price. Some vendors offer discounts for prompt payment. When possible, Departments can aid the City by approving invoices and submitting them for payment on the same day that the materials or services are provided.

Often, significant discounts are available to the City through master purchasing agreements. Under these agreements, vendors negotiate discounted prices with a municipality or organization and agree to offer the same prices to other municipalities. The Finance Department will seek to identify discount agreements and periodically review them to determine which vendors offer the best overall value for the City. Finance will then work with other departments to obtain the discounted pricing.

## **7.2 Collective Purchasing**

Cooperative purchasing arrangements can result in significant savings by pooling purchasing power. It is the City's policy to utilize collective purchasing between City departments or with other units of government when savings can be obtained without sacrificing the quality or availability of the product or service.

The Finance Department shall have the authority to analyze the desirability of cooperative purchasing arrangements and make recommendations to Administration. The City Council encourages cooperative purchasing, but maintains the right to reject any such arrangements with other units of government.

## **7.3 Shipping and Freight Charges**

It is the policy of the City to avoid paying shipping charges whenever possible. If the City is to pay shipping charges, it must be billed at the time of invoicing. Department Heads, when obtaining price quotations should inquire into applicable freight charges. Any charges to be paid by the City will be regarded as part of the price quotation when selecting the successful bidder. Unless otherwise stated in the "notice of call for bids", all formal bid proposals shall include freight and delivery charges, if any.

## **7.4 Receiving and Inspecting Items**

Department Heads, or their designees, are responsible for receiving and inspecting all deliveries to their departments to ensure that items received conform to the specifications and quantities set forth in the purchase order. All deliveries should be thoroughly inspected to ensure that materials are received in satisfactory condition. If there are any discrepancies, the Department Head or designee should contact the vendor and resolve the issue before submitting the invoice for payment. When items are sent in multiple shipments, the department should clearly indicate which items have been received and accepted when approving the invoice for payment.

## **7.5 Submitting Items for Payment**

Once the purchasing department has verified that the purchased items have been received in a satisfactory condition, the original invoice should be submitted to the Finance Department for payment. It is the City's policy to not pay from statements or photocopies of invoices. If it is not possible to obtain an original invoice, a faxed copy may be used if the Department Head verifies that the vendor has not already been paid for the item.

When submitting an invoice for payment, the Department Head or designee should indicate the amount to be paid, the account number it should be charged to, and initial and date the invoice. If it is not possible to obtain an invoice, a Check Requisition Form should be completed with the same information. In addition, the Department Head or designee should include a description of the item purchased and attach any supporting documentation. This form must be signed by the requesting employee, the Department Head and the Finance Department.

The Finance Department processes checks and issues payments to vendors. To be approved as a warrant by the City Council. At each regular City Council meeting, a list will be provided of all payments included in that payment cycle, identifying those that were issued by manual check and/or released for payment prior to Council meeting.

Whenever possible, invoices should be submitted to the Finance Department prior to the cut-off date for these warrants. The schedule of the warrants and cut-off dates will be provided by the Finance Department. Manual checks will be issued in between warrants only when it is not possible to include payment in the next warrant. Contractor payments will not be issued between warrants unless

required by the terms on the contract. All final retainage payments will be held until they have been presented to the City Council.

If a Council Member has concerns regarding payments to a particular vendor or class of vendors, he or she may request to review pending payments. Information would then be sent to all Council Members for a specified period to provide comments. If no comments are received during this period, the item may be released for payment. However, if an objection is raised during the comment period, the payment in question shall be held until the next regular City Council meeting.

### **7.6 Credit Card Purchases**

The City maintains credit card accounts that may be used when it is impractical or inefficient to follow the normal payment process. The Finance Department maintains City credit cards that may be temporarily issued to City employees with the approval of their Department Head. Additional credit cards may be issued to City employees with the approval of the City Administrator.

Purchases made with credit cards must follow the normal purchasing guidelines and require the same approval process. After making a credit card purchase the Department Head or designee should code and initial the receipt and turn it into the Finance Department as soon as possible and prior to the next statement date. The Finance Department will verify the purchases and issue a check to the credit card company prior to the statement due date. City credit cards should not be used for personal purchases. It is City policy to avoid paying any credit card finance charges.

### **7.7 Internet Purchases**

City employees may use the Internet to make purchases if they follow normal purchasing guidelines and the same approval process. Internet purchases are not permissible in situations where a sealed bid is required. Employees should only make purchases from vendors that they are familiar with and where there are appropriate safeguards to protect the City's interests. Whenever possible, Internet purchases should be charged to a City account and invoiced for payment. City credit cards may be used for Internet purchases when necessary, if the transaction is conducted through a secure connection. Any concerns regarding the security of the information should be directed to the Information Technology Department. The IT Director will have the final authority to determine if an Internet transaction provides sufficient security.

### **7.8 Petty Cash Account**

The City maintains a petty cash account to expedite miscellaneous purchases and the payments of small bills when it is not practical to follow the City's normal payment procedures. Any City employee, with approval of his or her Department Head, may use the petty cash fund within the guidelines listed below. The petty cash fund should not be used a means to circumvent the normal purchasing process or to pay for personal services. The Finance Department is responsible for administering the petty cash funds and shall determine what is an appropriate use of the fund.

To be eligible for using the petty cash fund, the following requirements must be met:

- The item purchased must not be regularly stocked
- The purchase must not be from a vendor where the City maintains an active account
- The purchase price must not exceed \$25 (The Finance Department may waive this dollar amount in certain situations)

### Petty Cash Procedure

Finance staff may take funds from the petty cash box and issue them to an approved employee. The employee must complete and sign a petty cash voucher indicating the amount withdrawn, the date, and the intended purchase. Once the purchase has been made, the employee must turn in the receipt and any change to the Finance staff. The petty cash voucher will be completed by listing the purchase price, change returned and the account number to code the purchase. The Finance staff initials the completed voucher.

## **7.9 Employee Reimbursements**

Generally, employees should avoid making City purchases with their own funds. If the need arises to purchase an item for the City with personal funds, the employee must submit the receipt and an Expense Reimbursement Form to the Finance Department. This form should include a detailed listing of the items purchased and must be signed by the employee to be reimbursed, his or her Department Head and the Finance Department. Once approved, a reimbursement will be made through the next payroll process. It is the responsibility of the employee making the purchase to ensure that any available discounts are applied and that sales tax is not included.

## **7.10 Equal Opportunity/Non-Discrimination**

The City of Sun Prairie endorses and actively supports equal opportunity and a nondiscrimination policy. Therefore, it shall be a City requirement that all potential bidders be provided with equal opportunity to submit bids and to compete on an equal basis for City business.

All purchase orders and contracts to which the City of Sun Prairie is a party, shall contain a nondiscrimination in employment cause which provides:

“The vendor agrees that in performing under this purchase order with the contracting municipality, he/she shall not discriminate against any worker, employee or applicant, or any member of the public because of race, creed, color, national origin, handicap or sex. The vendor further agrees that this clause will be incorporated in all contracts entered into with suppliers of materials or services who may perform any such labor or services in connection with this contract.”

## **8. Exceptions to Routine Purchasing Procedures**

### **8.1 Emergency Purchases**

Emergency purchasing procedures should be used only when normal purchasing channels are not available. Emergency purchases may be made:

- When there is need for immediate delivery of items.
- To prevent delays in work or construction schedules.
- When there is an immediate threat to public health or safety, or
- To meet emergencies rising from unforeseen causes.

For emergency purchases under \$2,500, the normal purchasing procedures should be followed. However, for emergency purchases over \$2,500, the Department Head should take the following steps:

- If an emergency purchase is needed during regular working hours, notify the City Administrator and obtain approval prior to making the purchase.

- If an emergency purchase is needed after regular working hours or on a holiday, Department Heads (or their authorized designees) may authorize the purchase.
- A purchase requisition form together with a written explanation of the emergency must be prepared and forwarded to the Finance Department within two (2) working days after making the purchase.

## 8.2 Blanket Purchase Orders

Blanket purchase orders are used for those vendors from whom many repetitive purchases are made as supplies are required. Rather than issue a purchase order form for each purchase, one order is issued for a specified period (e.g., month) to cover all purchases made during that period. Blanket purchase orders will be limited to a term of one year.

Materials and services for which blanket purchase orders are used will be determined by each Department Head and approved by the Finance Department. (NOTE: If it is found that the same small items are frequently purchased under blanket purchase orders, the Department Head shall be responsible for exploring the possibility of purchasing and stocking of these items).

When requesting the issuance of a blanket purchase order, the Department Head should obtain price quotations on representative items from at least three vendors. The Department Head should then prepare a written request for the Finance Department that includes:

- The need for blanket purchase order
- The suggested vendor
- The suggested term of blanket order (e.g., 1 month, 6 months)
- The maximum amount of purchases to be made under the blanket order
- The total amount budgeted for such purchases.

The Finance Department will review the request and check the budget to verify that adequate funds are budgeted and available. Based on this information, the Finance Department shall indicate approval or denial of the request. If the request is approved, the Finance Department will issue a purchase order number that should be used when ordering any items under the blanket purchase order. The Department Head should include this number when the invoices are submitted for payment. Before a new blanket purchase order is issued, the Department Head should obtain competitive price quotations from alternate vendors.

## 9. Surplus Property Policy

City property is declared surplus when it is no longer necessary, practical, or economical to be retained by the City. Department Heads are responsible for identifying surplus items in their departments and arranging for their sale or disposal. Items may be sold prior to end of their useful life if it is determined that it is in the City's best interest to take advantage of the current salvage value of the item. If an item is sold or donated, City employees should not receive preferential access compared to the general public. The City Administrator has the authority to approve or deny the proposed use or sale of surplus property.

Once a Department Head has identified surplus property, he or she should determine if the item is of use to another department. If the surplus property has no further economic use to the City, the Department Head should determine the best disposal method and forward a recommendation to the City Administrator. Upon the City Administrator's approval, the Department Head should proceed with the disposal and provide the Finance Department with a description of the item, the quantity disposed of, and the sale price. This policy does not apply to the disposal of abandoned property acquired through police or statutory action.