



Office of the City Administrator

January 22, 2004

To: The Honorable James E. Robertson, Mayor
Board of Aldermen

Fr: Don Greer
City Administrator

Re: Proposed Purchasing Plan

Attached to this memorandum is the proposed purchasing plan for the City of Crestwood as reviewed and amended by the Ways and Means Committee at their January 17, 2004 meeting. It is appropriate for me to provide an oversight to certain aspects of the proposed policy; a number of items are new (we do not have current policy stipulating these events) and many are culled from existing code and policies of the City. I have asked the Department Heads to review this policy with regard to the operations of their departments.

First let me state that I believe a policy of this nature is extremely important to the City of Crestwood in order to identify not only the procedures associated with expending monies, but to more closely tie the approved budget to these expenditures. As we continue to more closely plan for and scrutinize our expenditures, the preparation, discussion and approval of the annual operating budget becomes an even more critical element. You will find the essential portions of this policy to be closely tied to the annual operating budget, together with specific requirements to obtain authorization from the Board when the needs are outside of that document.

The policy is replete with discussions of prior planning, and the methods of dealing with receiving appropriate approval prior to making certain levels of purchases. It is my intention to present you with a policy that is in keeping with the philosophical approach to managing expenses that we have so often discussed in the most recent year. Cash flow is the key element in managing expenses. While most of our expenses are directly related to personnel and are quite predictable throughout a given fiscal period, many of the larger expense items can and should be "timed" in relation to the available cash. For example, we typically need to spec and approve

the purchase of police cars in November or December of a given year. That time frame is necessary in order to meet the time frame demands of the manufacturers; police cars are only built during certain cycles in the industry. That purchase, however, is not typically expenses until March of the following calendar year. On the other hand, many of our larger purchases are of readily available commodities and we have more discretion with regard to the timing of those expenses.

For the sake of clarity, I have color coded the policy to introduce items which are new (currently without formal policy) in yellow and those which have material change from existing policy in green. It is my hope that this will enable you to more efficiently spend your time focused on the proposal.

Definitions

Words used in this manual in the present tense include the future as well as the present, the singular includes the plural, and the plural includes the singular. The following words have the significance attached to them in this section, unless otherwise apparent from the context of the section in which they appear. Various sections of the manual will include definitions where words must be defined for understanding and application to that particular section.

- **City** – City of Crestwood, Missouri.
- **Board of Aldermen** – Elected governing body of the City of Crestwood.
- **City Administrator** – Chief Administrative Officer of the City of Crestwood.
- **Department Heads** – Recognized Department Heads of the City of Crestwood: the Chief of Police; the Chief of Fire Services; the Director of Finance; the Director of Parks and Recreation; and the Director of Public Works.
- **Director of Finance** – Director of Finance of the City of Crestwood.
- **Management** – Mayor and Board of Aldermen, the City Administrator, Department Heads, and the City Clerk of the City of Crestwood.
- **May** – Permissible or optional.
- **Mayor** – Chief Executive Officer of the City of Crestwood.
- **Shall** – Mandatory.
- **Budgetary Category** – Personal Services, Commodities, or Contractual Services.

Goals

This manual has been designed to ensure that the policies set by the Board of Aldermen with regard to the expenditure of public funds are met by all City departments.

The basic goals of the City's purchasing ordinance are:

- A. To coordinate purchasing activities between the various departments and the Department of Finance.
- B. To ensure consistent use of purchasing forms.
- C. To purchase or contract for all supplies and contractual services needed by the City in accordance with all legal requirements.
- D. To procure the highest quality in supplies and contractual services at the least expense to the City.
- E. To discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales.
- F. To keep informed of current developments in the fields of purchasing, prices, market conditions, and new products, and secure for the City the benefits of research done by other governmental jurisdictions, national technical societies, and trade associations having national recognition, and private businesses and organizations.

- G. To exploit the possibilities of buying in bulk so as to take full advantage of discounts.
- H. To procure all Federal exemptions to which the City is entitled.

If these public purchasing goals are accomplished, public monies can be better managed and utilized.

General Guidelines

These general guidelines shall be considered administrative rules and regulations and are to be adhered to as closely as possible by all departments in the procurement of goods and services.

1. Purchase of American Products

It is the policy of the City to encourage the purchase of products manufactured, assembled, or produced in the United States if the quality and price are comparable with other goods, in accordance with Missouri State statutes,

On purchases in excess of \$1,000.00, Department Heads or City Clerk shall give preference to the purchase of American products over foreign products of comparable quality and price.

Every contract for public works construction or maintenance in excess of \$5,000.00 shall contain a provision requesting that the contractor use American products in the performance of the contract whenever the quality and price are comparable with other goods.

2. Purchase of Missouri Products

It is the policy of the City to encourage the purchase of materials, products, supplies, provisions, and other needed articles produced, manufactured, compounded, made or grown within the State of Missouri, when they are found in the marketable quantities in the State and are of a quality suited to the purpose intended and can be secured without additional costs over foreign products or products of other states; provided, however, that quality and fitness of articles shall be considered in purchase or letting of contract for articles herein mentioned, in accordance with Missouri Statutes.

3. Purchase of Recycled Paper Products

It is the policy of the City to encourage the purchase of recycled paper products when recycled paper can be obtained that is comparable to the quality presently used by the City and if the price is competitive, except that all copy paper, stationery and envelopes purchased by the City shall be at least 50% recycled paper.

4. Planning

Planning for purchases shall be done on both a short-term and long-term basis. Small orders and last minute purchases shall be kept to a minimum, thereby increasing the ability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts available. Planning will also save on the number of trips required to obtain materials and minimize the amount of clerical and supervisory time spent on documenting purchases.

5. Overdrafts Prohibited

No purchases will be authorized which would overdraw an operational budgetary category. Department Heads or City Clerk who anticipate a purchase exceeding a budgetary account shall notify the Director of Finance to ensure that the necessary funds are available within the operational budget category as specified in the City Charter. Department Heads or City Clerk must identify the source of overdraft protection identified within the operational budget category prior to initiating a purchase that would exceed that account.

6. Buying Proper Quality

It is the duty of each department to secure the best quality and service. These items are just as important as price. Quality buying is the buying of goods or services that will meet but not exceed the requirements for which the goods are intended. Different factors, such as durability, availability, ease of installation, frequency of repair, or efficiency of operation, may be of primary consideration depending upon the item purchased. It is the responsibility of each Department Head or City Clerk to become familiar enough with the available equipment to determine the appropriate quality required to develop specifications.

7. Gratuity

Gratuity in any form creates the perception of public funds being mismanaged. While gratuities by vendors in order to secure favorable consideration are seldom attempted, vendors will usually attempt to secure favoritism by offering gifts or providing entertainment to City officials. The City hereby adopts a policy of considering it inappropriate for employees to receive and accept gifts and favors. The offer of gifts or favors from a firm or individual which has submitted a proposal to the City of Crestwood is of particular concern. Even though the decision regarding the purchase of an item or the approval of a proposal may have been completed and finalized, the acceptance of a gift could give the appearance of receiving a reward for somehow having been involved in the process of selection or approval. Such gifts and/or favors should always be refused to avoid creating such a perception.

8. Sales Tax

The City is exempt from paying all local and state sales taxes or Federal excise taxes. Every reasonable effort should be made to avoid the additional expense of sales tax. The Finance Department can provide vendors a copy of the exemption documentation, as requested. The use of the exemption documentation for personal purchases is strictly prohibited and subjects an employee to immediate discharge.

9. Public Access

All specifications, bid documents, purchase orders, and supporting documentation are public records which will be made available for public inspection upon request.

10. Endorsements

It is the City's policy not to endorse or in any way permit an employee's name, position, or the City's name to be used and advertised as supporting a vendor or product.

11. Personal Purchases

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 or to avoid the payment of sales tax.

12. Conflict of Interest

No employee or elected or appointed official of the City or their immediate families shall have any financial interest in the award of a contract or purchase, nor shall they bid on the disposal of surplus property. Personal relations with vendors are not to deter close examination of vendor performance. Contract awards must always be to the lowest responsible vendor complying with the specifications.

Any purchase order or contract in which any employee of the City is financially interested, directly or indirectly, shall be void, except that before the execution of a purchase order or contract, the Board of Aldermen shall have the authority to waive compliance when it finds such action to be in the best interests of the City.

13. Ethics Policy in General

The proper operation of municipal government requires that public officials and employees be independent, impartial and responsible to the people; that government decisions and policy be made in the proper channels of the governmental structure; that public office is not used for personal gain; and that the public has confidence in the integrity of its government. In recognition of these goals, there is hereby established a procedure for disclosure by certain officials and employees of private financial or other interest in matters affecting the City.

- 1) **Conflicts of Interest.** All elected and appointed officials as well as employees of the City of Crestwood must comply with Section 105.454 of the Missouri Revised Statutes and Ordinance 604 regarding conflicts of interest as well as any other state law governing official conduct. The Mayor and any members of the Board of Aldermen who has a substantial personal or private interest as defined by state law and set out below in any bill shall disclose on the records of the Board of Aldermen the nature of his or her interest and shall disqualify himself or herself from voting on any matters related to this interest.
- 2) **Substantial or Private Interest.** The Mayor, any member of the Board of Aldermen, as well as any appointed officials and employees shall be considered to have a substantial or private interest in any measure, bill or other ordinance proposed or pending before the City if that interest is an ownership by the individual, his or her spouse, or his or her dependent children, whether singularly or collectively, directly or indirectly of: (1) 10% or more of any business entity; or (2) an interest having a value of \$10,000 or more; or (3) the receipt of a salary, gratuity, or other compensation or remuneration of \$5,000 or more, per year from any individual, partnership, organization, or association within any calendar year.
- 3) **Disclosure Reports.** Each elected official, the City Administrator (as the chief administrative officer), and the Director of Finance (as the chief purchasing officer) shall disclosure the following information by May 1 if any such transactions were engaged in during the previous calendar year:
 - a. For such person, and all persons within the first degree of consanguinity or affinity of such person, the date and the identities of the parties to each transaction with a total value in excess of five hundred dollars, if any, that such person had with the political subdivision, other than compensation received as an employee or payment of any tax, fee or penalty due to the political subdivision, and other than transfers for no consideration to the political subdivision; and
 - b. The date and the identities of the parties to each transaction known to the person with a total value in excess of five hundred dollars, if any, that any business entity in which such

person had a substantial interest, had with the political subdivision, other than payment of any tax, fee or penalty due to the political subdivision or transactions involving payment for providing utility service to the political subdivision, and other than transfers for no consideration to the political subdivision.

- 4) The City Administrator as the chief administrative officer and the Director of Finance as the chief purchasing officer also shall disclose by May 1 for the previous calendar year the following information:
 - a. The name and address of each of the employers of such person from whom income of one thousand dollars or more was received during the year covered by the statement;
 - b. The name and address of each sole proprietorship that he owned; the name, address and the general nature of the business conducted of each general partnership and joint venture in which he was a partner or participant; the name and address of each partner or co-participant for each partnership or joint venture unless such names and addresses are filed by the partnership or joint venture with the Secretary of State; the name, address and general nature of the business conducted of any closely held corporation or limited partnership in which the person owned ten percent or more of any class of the outstanding stock or limited partnership units; and the name of any publicly traded corporation or limited partnership that is listed on a regulated stock exchange or automated quotation system in which the person owned two percent or more of any class of outstanding stock, limited partnership units or other equity interests;
 - c. The name and address of each corporation for which such person served in the capacity of a director, officer or receiver.
- 5) **Filing of Reports.** The reports shall be filed with the City Clerk of the Missouri Ethics Commission. The reports shall be available for public inspection and copying during normal business hours.
- 6) **When Filed.** The financial interest statements shall be filed at the following times, but no person is required to file more than one financial interest statement in any calendar year:
 - a. Each person appointed to office shall file the statement within thirty days of such appointment or employment;
 - b. Every other person required to file a financial interest statement shall file the statement annually not later than May 1st and the statement shall cover the calendar year ending the immediately preceding December 31st ; provided that any member of the Board of Aldermen may supplement the financial interest statement to report additional interests acquired after December 31 of the covered year until the date of filing of the financial interest statement.

- 7) **Filing of Ordinance.** The City Clerk shall send a certified copy of the Ordinance and any amendments to the Missouri Ethics Commission within ten days of its adoption.

Purchasing Policies

The Board of Aldermen has established policies regarding the method to be used in the purchasing of goods and services, depending upon the cost of the item to be purchased. Subdividing purchases to avoid these requirements is strictly prohibited.

1.1. Purchases under \$500.00

Department Heads or City Clerk are authorized to purchase from vendors directly without a purchase order for any budgeted category purchase in the amount of \$500.00 or less. The Department Heads or City Clerk need not secure the approval of the Director of Finance or the City Administrator in order to make purchases in this price range.

It is the responsibility of each Department Head or City Clerk to ensure complete control over this method of purchasing. Department Heads or City Clerk should identify those employees authorized to make purchases. Department Heads or City Clerk are responsible for providing internal control procedures to ensure that all purchases are for legitimate public purposes and that all purchases and inventory are accounted for. Department Heads or City Clerk may wish to consider an internal inventory system is in place which would ensure that each purchase made is inventoried and correlated with the appropriate requisition number, including small items purchased under open accounts. Any department routinely making purchases costing less than \$500.00 or purchases frequently under open accounts should establish such a system.

The requesting department is encouraged to competitively shop to ensure that vendors with which the City deals are maintaining competitive pricing and appropriate quality. The department may find it convenient to occasionally use the Telephone Quotation form, even though items required are below the amounts necessary to trigger this procurement process. These forms need not be submitted to the Finance Department with the purchase when purchases are less than \$500.00.

1.2. Purchases from \$501.00 to \$2,500.00

Purchase orders for goods or services having a value of \$501.00 to \$2,500.00 must be submitted by the Department Heads or City Clerk for approval by the Director of Finance prior to placing an order with a vendor. The Director of Finance will review the requested item with the current budget, as well as the timeliness of the purchase. Before submitting a purchase order, Department Heads or City Clerk must obtain three oral quotations for the goods or services required. The quotations may be obtained over the telephone utilizing the Telephone Quotation form. The purchase order awarding the purchase to the lowest responsible bidder should then be

forwarded to the Director of Finance who will check to ensure that the Telephone Quotation form has been completed correctly, or that the quotes have been appropriately shown under the "Quotes" section of the purchase order form, and that funds are available in the appropriate account.

If Department Heads or City Clerk are unable to secure three telephone quotations, a notation explaining that less than three qualified vendors were available should be made on the purchase order form under the "Quotes" section. When seeking three informal quotes, the practice of "auctioneering" should be avoided by refusing to disclose to a vendor the price quoted by competitors.

1.3. Purchases from \$2,501.00 to \$10,000.00

Prior to processing a purchase order to secure goods or services costing over \$2,500.00, Department Heads or City Clerk must obtain three written quotations. If Department Heads or City Clerk are unable to secure three written quotations, a memorandum explaining why less than three qualified vendors were available should be attached to the purchase order and forwarded to the Director of Finance for review or an explanation should be made under the "Quotes" section of the purchase order itself. All purchases in excess of \$2,500.00 require the City Administrator's prior approval.

All written quotations should be originals on the vendor's own quotation form or letterhead. Facsimile quotations from the vendor may be acceptable. These original written quotes should be attached to the purchase order.

Department Heads or City Clerk are reminded that the use of written quotations requires appropriate planning to ensure that adequate lead time is available to satisfy the purchasing requirements. It is, of course, possible to obtain written quotations in person and submit a purchase order in a single day.

1.4. Purchases in excess of \$10,000.00

Department Heads or City Clerk anticipating the purchase of goods or services exceeding \$10,000.00 in value should prepare specifications based upon standards appropriate to meet the City's needs. The individual departments should prepare the necessary bid package, public notices, and advertisements to meet the City's Code, and send invitations to bid to qualified vendors for all items relevant to their own departments. All specification packages shall be submitted to the Director of Finance for prior approval to proceed before any notice or advertisement is initiated.

Formal bids will be publicly advertised for at least ten (10) business days prior to bid opening in no less than 2 regional publications of general circulation and posted on the City's web site. The bids must be publicly opened at the time, location and date specified. The Department Heads or City Clerk must submit a recommendation to the Director of Finance who will in turn confirm the recommendation or request additional information. Once the recommendation has been reviewed and approved by the Director of Finance, it will be forwarded to the City Administrator for submission to the Board of Aldermen.

All purchases over \$10,000.00 must be awarded by the Board of Aldermen at a public meeting. The award will normally be made to the lowest competent bidder meeting specifications. When an exception is sought, it is incumbent upon the individual Department Head or the City Clerk to thoroughly document the reasons why the low bidder should be disqualified.

1.5. Approval of Purchases

All purchase orders or contracts must be for goods or services covered by a category in the budget for the current fiscal year as approved by the Board of Aldermen. Any purchaser of an item not provided for in the current fiscal year's budget must receive the prior approval of the Board of Aldermen. Department Heads or City Clerk are authorized to approve all purchases after complying with the competitive shopping requirements as specified above, subject to the approval of the City Administrator. Department Heads or the City Clerk shall also be authorized to expend funds, subject to the approval of the City Administrator, exceeding \$10,000.00 for materials and supplies under blanket purchase order for a fixed period of time that was issued as a result of competitive bidding and Board of Aldermen approval of the lowest responsible bidders, which shall include "per unit" purchases which may in the aggregate exceed \$10,000.00.

Special Circumstances

Occasionally, the City may need to purchase goods or services under circumstances which do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply. The following guidelines are provided with regard to making such purchases.

1.1. Exclusive Service

In the event that there is only one firm or company or individual capable of providing a particular service or commodity and said services or commodities cannot be secured from other persons or companies, then the competitive bidding procedures outlined in this manual may be waived. Whenever Department Heads or City Clerk determine that goods or services must be purchased from a "sole source vendor," documentation must be provided by the Department Heads or the City Clerk to the Director of Finance. The documentation should be attached to the purchase order. Exclusive service purchases for amounts exceeding \$2,500.00 must be pre-approved by the City Administrator.

1.2. Cooperative Procurement Programs

Department Heads or City Clerk are encouraged to use cooperative purchasing programs sponsored by the State of Missouri or other jurisdictions. Cooperative purchasing can prove advantageous to the City both by relieving Department Heads or City Clerk of the paperwork necessary to document the purchase and by taking advantage of the large quantity purchases made by State Government. Purchases

made through these programs have met the requirements of competitive shopping and require no further documentation. Department Heads or City Clerk are encouraged to check with the State and other jurisdictions regarding cooperative procurement contracts in effect prior to making any large purchases.

1.3. Professional Services

- 1) Normal competitive procedures cannot generally be utilized in securing professional services such as physicians, attorneys, engineers, certified public accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process.
 - a. **Request For Proposal.** A Request for Proposal (RFP) can be prepared much the same way as specifications, including requirements and minimum standards for the services to be provided. RFPs should be submitted to the City Administrator for review and approval prior to distribution. When an RFP for professional services is approved, a limited number of qualified professionals known to the City will be invited to submit a proposal setting forth their interest, qualifications, and how they can meet the City's needs. In securing professional services, it is the primary goal of the City to obtain the services of a professional who has a proven record of providing, in a professional way, those services required. A contract will be negotiated with the professional deemed to best meet the City's needs.
- 2) **Exceptions.** The following shall be the policy and procedures for selecting architectural, engineering and land surveying services for the City.
 - a. **Definitions.**
 - i. **Firm.** The term "firm" shall mean any individual, firm, partnership, corporation, association, or other legal entity permitted by law, to practice the profession of architecture, engineering, or land surveying or other professional services and provide said services.
 - ii. **Architectural Services.** The term "architectural services" shall mean those services within the scope of practice of architecture as defined by the laws of the State of Missouri, Section 327.091 RSMo., and to include landscape architects.
 - iii. **Engineering Services.** The term "engineering services" shall mean those services within the scope of practice of engineering as defined by the laws of the State of Missouri, Section 327.181 RSMo.
 - iv. **Land Surveying Services.** The term "land surveying services" shall mean those services as defined by the laws of the State of Missouri, Section 327.272 RSMo.
 - v. **Selection Committee.** The term "Selection Committee" shall mean the City Administrator, Director of Public Works and the Department Head of the using Department.

3) **Roster of Consultants.**

- a. The City Administrator or designated staff will maintain a roster of qualified firms interested in performing professional services for the City. Names of firms will be placed on the roster upon their request, at the request of members of the Board, or when recommended by City departments.
- b. Each firm meeting the following minimum qualifications shall be deemed to be a qualified firm and meeting the qualifications of the City:
 - i. Duly authorized to conduct business in the State of Missouri in their particular profession.
 - ii. Professional registration by the State of Missouri.
 - iii. At least one staff professional assigned to each project. Adequacy of personnel will be determined on a contract-by-contract basis against the City's estimate of manpower required to perform the work in the desired time frame.
- c. Resumes and data. Each person or firm listed on the roster shall be responsible for maintaining with the City Administrator or designated staff a current resume describing his, her or its qualifications and experience. Data which shall be included is as follows:
 - i. Firm name, address, and telephone numbers.
 - ii. Year established and former firm names.
 - iii. Types of services for which it is qualified.
 - iv. Names of principals of the firm and status in which they are registered.
 - v. Names of key personnel with experience of each and length of time in the organization.
 - vi. Number of staff available for assignment.

4) **General Procedures and Responsibilities.**

- a. **Project initiation.** When a Department of the City identifies a project for which architectural, engineering, or land surveying services will be necessary, the Department will draft a scope of services for the specific project. This scope of services will be submitted to the City Administrator for authorization to initiate the project. The Department shall include in the scope of services the following:
 - i. A description of the work required and its objectives.
 - ii. The nature of specific tasks and services to be accomplished.
 - iii. The type and amount of assistance to be given by the Department involved.
 - iv. Required time frame.
 - v. Financial conditions or limitations; any grant program involved.
- b. **Expressions of Interest.** The using Department will contact those firms on the roster for an expression of interest in the specific project. The request should invite comments as to the special experience in the project being considered; describe previous experience with similar projects, and the availability of the firm to provide required service within any time limitations.
- c. **Initial Screening and Requests for Proposals.** The expressions of interest will then be presented to the Department requesting the

services for initial screening. Factors to be determined in the initial screening will include:

- i. Specialized experience in the type of work required.
- ii. Record of the firm in accomplishing work on other projects in the required time.
- iii. Quality of work previously performed by the firm for the City.
- iv. Recent experience showing accuracy of cost estimates.
- v. Community relations including evidence of sensitivity to citizen concerns.

After the screening, detailed proposals will be requested from at least three (3) firms. Selection will then be made according to subsection e., "Selection."

5) **Detailed Proposals.** Firms submitting detailed proposals will provide the following information:

- a. Name of firm principal.
- b. Name of project supervisor (licensed engineer, architect, or land surveyor).
- c. Ability of firm to meet time schedules.
- d. Description of how project will be conducted.
- e. Cost of services.
- f. For various levels of the disciplines offered, the position, hourly rate, salary cost multiplier, overhead and profit multiplier.
- g. Outside consultants and associates usually retained.
- h. List of completed projects on which the firm was principal engineer.
- i. Current projects under way and estimated cost of each.
- j. Data-gathering methods (if appropriate).
- k. Evaluation techniques (if appropriate).

6) **Selection.**

- a. **Three (3) written proposals** should be secured when possible. Proposals may be solicited by mail or telephone. The Selection Committee will review the proposals, interview the prospective consultant, if desirable, and make a recommendation or selection in accordance with subsection 2., "Class of Service" below.
- b. **Class of Service.** Projects will be divided into two (2) classes as follows:
 - i. **Class A.** Services for projects where fees will exceed ten thousand dollars (\$10,000.00). The Selection Committee's recommendation shall be presented to the Board of Aldermen for approval or rejection. The Board has the right to approve or reject any and all proposals.
 - ii. **Class B.** Services for projects which are provided for in the approved City budget and where fees will be less than ten thousand dollars (\$10,000.00). The Selection Committee will have full authority to select the consultant.

7) **Prohibition against Contingent Fees.**

- a. Each contract entered into by the Board of Aldermen for professional services shall contain a prohibition against contingent fees as follows:

"The architect, engineer, or land surveyor (as applicable) warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the architect, engineer, or land surveyor, to solicit or secure any fees, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this agreement."

- b. For the breach or violation of the foregoing provision, the Board of Aldermen shall have the right to terminate the agreement without liability and at its discretion to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift, or consideration.

1.4. Open Purchase Orders

Open purchase orders are for long-term contracts for goods or services awarded after receiving competitive bids. The purchase order remains open for a period of up to one year to purchase the goods or services specified on an "as needed" basis. Examples of open purchase orders include construction materials such as rock, concrete, and asphalt, trees and other landscaping materials, automotive supplies such as tires and batteries, hardware, and office supplies frequently or routinely utilized by the City and for which the initiation of competitive shopping each time for the goods or services required would become cumbersome and inefficient.

1.5. Emergency Purchases

The bid procedures outlined in this manual may be waived under emergency conditions when a delay may threaten the basic mission of a line department. True emergency conditions are rare. Occasionally, equipment will require emergency repairs, or other circumstances will necessitate emergency purchasing which cannot await compliance with these regulations. Department Heads or City Clerk faced with an emergency are to notify the Director of Finance or City Administrator as quickly as possible for approval to proceed. A full report in writing of the circumstances requiring an emergency purchase shall be filed by the Director of Finance with the City Administrator within two working days after the emergency. The City Administrator shall pass this report on to the Board of Aldermen without unnecessary delay.

1.6. Petty Cash Accounts

Very often, there is a need for immediate availability of funds. Petty cash funds should be used to avoid the time and expense of issuing purchase orders for items totaling fifty dollars or less (\$50.00). Petty cash receipts are to be completed by the person responsible for the fund in each department; these should include the amount, description of item, budget account number, and signatures of the persons receiving the funds, and the person issuing the funds. Each individual receipt must be summarized on the Petty Cash Reimbursement Request Form. A check will then be prepared, made payable to the individual responsible for the particular

department's petty cash, and it will be that person's responsibility to cash the check and assure that the funds are placed into the departmental petty cash fund. The Finance Department will conduct unannounced audits of petty cash funds to assure that monies are being accounted for properly. The use of petty cash funds for personal use, even for very short periods of time, is contrary to City policy and grounds for termination.

1.7. Purchase of Used Equipment

New equipment is to be preferred over used equipment. However, there are situations where the purchase of used equipment should be considered. These include:

- 1) Where equipment will be used infrequently, for a limited time, for training or auxiliary operations.
- 2) When quick delivery is essential.

The purchase of used equipment requires careful shopping and the requisitioning department should make every effort to secure a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are reasonably available.

1.8. Purchase of Technology Items

Due to the nature of compatibility with networked computer systems, it is imperative that all purchases related to computer hardware, software (to include upgrades) and peripheral devices receive review and authorization by the Director of MIS prior to the acquisition of the software or equipment.

1.9. Subdividing Prohibited

No contract or purchase shall be subdivided to avoid the requirements of this manual.

1.10. Authority of Board of Aldermen to Waive Procedural Requirements

The Board of Aldermen in its sole and absolute discretion may waive any and all aforementioned procedural requirements.

Specifications

1.1. Formal Competitive Bidding

When goods or services are bought under the formal competitive bidding process, specifications must be prepared. Specifications, regardless of the type, should do four things:

- 1) identify minimum requirements;

- 2) allow for a competitive bid;
- 3) be capable of objective review; and
- 4) provide for an equitable award at the lowest possible cost.

1.2. General Guidelines

- 1) Write specifications as simple as possible while maintaining the exactness required keeping bidders from utilizing a loophole to avoid providing the quality goods or services required or in another fashion to take advantage of their competitors.
- 2) Whenever possible, identify the equipment or material required with some name brand or known standard specification already on the market. All specifications that utilize a name brand must include the term "or equivalent" to avoid being restrictive and eliminating fair competition from the bidding process.
- 3) Specifications should promote competition. Specifications so drafted will normally allow several bidders to provide the City with alternatives and ensure that the City obtains the lowest possible price for the goods or services required.
- 4) Flexibility in the specifications is desirable in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. If a proposal does not meet the City's needs, it can be rejected and the bid which closely follows the specifications accepted. The procedures should be used sparingly and Department Heads or City Clerk contemplating flexible specifications should contact the City Administrator to discuss the format and degree of flexibility anticipated prior to the completion of a final draft.
- 5) Specifications should be reasonable in its tolerances. Unnecessary precision is expensive.
- 6) Specifications should be written with clear, simple language, free of vague terms or those subject to variation in interpretation.

1.3. Types of Specifications

There are several ways of structuring specifications to protect the integrity of the purchasing process and to ensure that the needs of the City are met. Different methods of structuring specifications include:

- 1) **Qualified Products or Acceptable Brands List.** These lists are developed only where it is not possible to write specifications adequate to identify the quality and performance required of the goods or services to be purchased. Acceptable brands lists are also used when tests necessary to determine compliance with technical specifications are lengthy, costly or require complicated technical equipment.
- 2) **Specification by Brand or Trade Name.** Brand or trade names should be used where brand name products have been found to be superior to others for the

purpose intended, or when their composition is secret, unknown or patented. The use of brand names establishes a quality standard, but is not intended to limit or eliminate competition. Whenever this method of establishing specifications is used, the specifications should specifically provide for bidding of competitive or equal grades. It is incumbent on a vendor who bids on goods of supposed equal quality to those specified to document that the goods or services that he is bidding are, in fact, of equal quality.

- 3) **Specification by Blueprint or Dimension Sheet.** Specifications of construction projects for everything from buildings and streets to custom built cabinets, furniture, machines, or other equipment should be written to reference the blueprints or dimension sheets prepared by the engineer or architect. Such specifications provide an appropriate method of evaluating all bids, and later of verifying the quality of the construction work or the equipment or fixture delivered.
- 4) **Specifications by Chemical Analysis or Physical Properties.** Specifications which include the chemical analysis or physical properties of the goods requested clearly place responsibility on the supplier to provide exactly those items requested. Again, care must be taken in preparing specifications utilizing this method to ensure that competition remains a part of the bidding process. If the specifications are drawn too narrowly and only one bidder is qualified to meet the technical specifications, the cost of obtaining these items may be higher than necessary due to the lack of competition.
- 5) **Specifications by Performance, Purpose, or Use.** Specifications which include a set of performance criteria for the goods or services required will provide flexibility for vendors to design products or programs specifically aimed at meeting the purpose or performance standards the City has established. Generally, specifications which center on performance standards generate a great deal of competition since they allow vendors to exercise some creativity in the types of services or goods included in their bids. Department Heads or the City Clerk are cautioned to exercise care by including some specific technical specifications which will provide a floor or bottom line quality determination. The use of performance specifications without minimum standards could result in items being installed, paid for, and later determined not to meet City expectations. It can then be very difficult to go back to a vendor and argue that the item bid did not meet the performance criteria established. At that point, the determination of satisfactory performance can become extremely subjective with the vendor insisting that his item is acceptable even though actual experience indicates otherwise.
- 6) **Specification by Identification with Industry Standards.** Specifications will often refer to industry-wide standards or to standards set by other public jurisdictions. Some examples of these would be Lumber Grading, standards set by the asphalt or concrete industries or by referencing standard specifications of the Missouri Department of Transportation or other State or Federal Agencies.
- 7) **Specifications By Samples.** Whenever appropriate, a sample is always a good way to make your requirements perfectly clear. A good example would be printing bids for which art work or an existing form would be attached. Whenever

samples are utilized, Department Heads or the City Clerk should provide an adequate supply so that originals can be sent with all bid invitations and some maintained in the file for vendors who request bidding documents.

Purchase Orders

The City's purchase order form must be completed and signed by the Department Heads or the City Clerk under the procedures established in this manual. In order to ensure expeditious processing of purchase orders, it is important that all forms are completed accurately by the requisitioning department.

A purchase order is a contract between the City and a vendor. The contract is not binding until it is accepted by the vendor. The issuance of purchase orders by unauthorized individuals will not be recognized by the City and payment of these obligations will not be approved. Unauthorized purchases are classified as personal expenses of the person making the purchase.

After the four-part, regular purchase order is filled out, and the applicable bids attached (as required), the purchase order shall be forwarded to the Director of Finance for approval. The purchase order will be forwarded by the Finance Department to the City Administrator, if necessary, for final approval. The purchase order **is not valid** until it is signed by all appropriate individuals. Therefore, the vendor copy should not be mailed until validation is completed.

The color coding of the purchase order helps organize the purchasing process. The four parts of a purchase order should be routed as follows:

White Copy	To be retained by the Finance Department for permanent records
Green Copy	To be retained by the Finance Department for payment
Pink Copy	To be provided to the vendor after validation
Yellow Copy	To be retained by issuing Department

Changes to purchase orders and contracts must be approved by the Director of Finance. The Finance Department will execute all modifications to purchase orders and contracts upon request by the Department Heads or the City Clerk and approval by the Director of Finance. This will include changes in quantity, alteration of specifications on the purchase order, correction of errors in price, and changes in delivery time or place.

Travel and Expense Reimbursements

1.1. Ordinary and Travel Expenses - Elected Officials

In order to qualify for reimbursement, the expense must have been incurred in an official capacity. No personal expenses shall be submitted for reimbursement. Reimbursements for meals shall not include the purchase of meals or drinks for the Mayor or any other member of Board of Aldermen, or member of any board or commission or committee or task force (unless circumstances should so warrant in conjunction with an out-of-town conference), nor shall reimbursement be allowed for any meal or activity that is not in conjunction with an official meeting which the elected official is expected to attend. All requests for reimbursement for qualifying meals shall be reimbursed at 100% of incurred cost.

Reimbursement shall not be authorized for any product or supply. If same is not readily available at City Hall, the elected official shall submit his or her request to the City Administrator, who shall be responsible for obtaining the item.

Mileage reimbursement shall be authorized for any vehicular travel associated with official duties of the office held which require attendance outside of the metropolitan area. With regard to local organizations, if the City pays either an annual membership fee or all meal expenses associated with meetings of such an organization, mileage expenses incurred in attending the meeting or event of any such organization shall not be reimbursed.

In this and all other such circumstances, the City Administrator is responsible for carrying out this policy, except those requests not allowed under this policy, and shall submit to the Director of Finance any requests for reimbursement for items, except those requests not allowed under this policy.

1.2. Ordinary and Travel Expenses - Employees

The City's goals are to plan for travel arrangements that conserve public funds, provide equitable treatment of all personnel, and allow travel in a manner that is dignified, and reflects credit on the City of Crestwood. These regulations are applicable for all travel expenses incurred on behalf of the City by employees. Where these regulations do not adequately cover a travel situation, the City Administrator may authorize exceptions.

Decisions as to which trips will be authorized are generally made through the annual budget process. In general, no more than one national and two state conferences outside the St. Louis area will be authorized for any Department Head in any fiscal year. Attendance at other meetings outside the metropolitan area may be authorized when the Department Head or City Clerk is an active participant in the national and/or state organization. Attendance at various local professional and technical conferences and meetings will be authorized as funds and time permit. Good judgment and a proper regard for economy are expected in incurring travel expense on behalf of the City.

There is no objection to a spouse and/or other family members traveling on an official trip, but no expenses attributable to them will be reimbursed by the City.

1.3. Travel Advance

Per Diem travel advances will be authorized consistent with the approved travel request form. Other fixed or known costs may be included in the request for travel and shall be authorized with the approval of the City Administrator. Examples of the types of other expenses that may be approved for advance could include; registration fees, banquet ticket, parking fees, etc.

1.4. Travel Expense Report

Within five (5) days after returning from a trip, a Travel Expense Report must be forwarded to the Finance Department. Required receipts should be attached to the Travel Expense Report. Each Travel Expense Report must be approved by the Department Head and Director of Finance. The Travel Expense Reports for Department Heads and City Clerk must be approved by the Director of Finance and City Administrator.

1.5. Use of Commercial Carrier

Commercial carrier fares will be limited to "coach" or "economy" fares when such services are available. Travel to and from stations and airports may be by bus, limousine, taxi, or private vehicle (for which mileage will be paid), whichever is least costly. If available, airport limousines should always be selected over taxis. Receipts for transportation costs are required.

1.6. Use of Private Vehicles

Private vehicles may be used for travel on City business only when authorized by the City Administrator. Reimbursement will be limited to the lower of:

- A. Current IRS allowable cents per mile plus tolls, parking, and garage charges, or
- B. The cost of air travel as provided above.

When two or more people travel in the same private vehicle, reimbursement will be paid to the owner of the vehicle. Mileage reimbursement will be based on the actual number of miles driven while traveling on City business.

1.7. Travel Time

When necessary, one day prior and one day following a meeting or conference shall be allowed for travel to and from an approved meeting or conference.

Scheduled returns shall be made on the day the conference or meeting ends unless it ends late in the evening (after 6:00 pm). In that event, the following day may be allowed for travel.

Employees should not drive to meetings and conferences when travel time en route to the destination requires more than one day. In such instances, no reimbursement will be made for any lodging, meals, or other expenses incurred en route, unless prior approval is received from the City Administrator.

When an employee chooses to extend travel time to and from an approved site, any excess time shall be considered vacation and charged accordingly, unless prior approval is received from the City Administrator.

1.8. Vehicle Rental

There may be an occasion when rental of a vehicle may be required (i.e., great distance between hotel and conference sites). Prior authorization must be given by the City Administrator. The actual cost will be reimbursed and receipts will be required.

1.9. Lodging

Hotel or motel reservations are expected to be made well in advance to ensure that lodging is secured at moderate rates. Receipts for lodging are required. Reimbursement of lodging will be limited to the minimum number of nights required to conduct City business. If a conference, for example, opens on Sunday evening and closes Thursday noon, reimbursement for Sunday through Wednesday night would be allowed. If an employee or City official chooses to arrive earlier or stay later, the additional lodging and other expenses related to this decision are personal expenses and will not be reimbursed. There may be instances in which significant savings in travel expenses may be achieved by taking advantage of discount fare requiring an additional night's stay. Prior authorization by the City Administrator will be required to utilize this arrangement.

Reimbursable lodging expenses shall be exclusive of any additional expenses for spouses or others.

No lodging expense will be reimbursed for meetings or conferences held in the St. Louis metropolitan area unless prior approval is obtained from the City Administrator.

1.10. Meals

For meetings and conferences held outside the metropolitan area or at such a distance that overnight lodging is required and approved by the City Administrator, employees and City officials will be reimbursed for meals. Reimbursement shall be made for the employee's expenses up to \$45.00 per day for non-receipted meal expenses. All true and reasonable costs in excess, if properly receipted, are subject to the approval of the City Administrator. The City Administrator may approve non-receipted expense upon receipt of acceptable written documentation that the expenditure was incurred and that a receipt could not be obtained or was subsequently misplaced.

1.11. Miscellaneous Expenses

Parking expenses may be reimbursed when reasonably necessary and when required as a part of the travel process.

Tips may be reimbursed not to exceed 15% of the amount reimbursable by the City.

Taxi cabs may be reimbursed when necessary and justified as the only reasonable means of transportation.

Personal telephone calls may be reimbursed, while on out-of-town travel, up to \$10.00 per day.

Professional luncheon meetings will be reimbursed at actual cost if one price is charged all participants.

Expenses not ordinarily allowed under the provisions of these regulations may be authorized by the City Administrator when justification exists.

1.12. Registration Fees

Registration and tuition fees for pre-approved professional and technical meetings and conferences will be reimbursed if not prepaid by the City. Receipts will be required.

1.13. Non-Reimbursable Expenses

Employees will not be reimbursed for expenses incurred for alcoholic beverages, non-conference-related entertainment costs, recreational activities or in-room movies.

1.14. Reimbursement for Local Meeting Meals

Employees will be reimbursed for all meal expenses associated with local meetings, such as organizations for which the City pays an annual membership fee, as long as these expenses have been included in the annual budget.

1.15. Reimbursement for Supplies

Although discouraged, employees may be reimbursed for supplies expenses when it is deemed appropriate by the employee's supervisor for the employee to purchase supplies on behalf of the City.

Disposal of Surplus Goods

Goods become obsolete or they wear out. Occasionally, it turns out they are over-stocked. Changing technology, accumulation of "waste," and fulfillment of the "useful" life of goods make the activity of handling surplus inevitable.

The City is interested in full realization of the value of goods it purchases.

The City policy is aimed at making sure all surpluses are disposed of to the economic advantage of the City.

All departments shall submit to the City Administrator, at such time and in such form as the City Administrator shall prescribe, reports showing stocks of goods which are no longer used or which have become obsolete, worn out, or scrapped. The City Administrator is authorized to transfer the surplus stock to other departments.

The City Administrator is authorized to sell all goods having an estimated value of less than \$5,000.00 which have become unsuitable for public use, or to exchange the same for, or trade in the same, on new goods. Sales shall be made to the highest possible bidder.

The disposal of all goods having a current value estimated to be in excess of \$5,000.00 requires the approval of the Board of Aldermen. Competitive bidding on surplus, obsolete, or unusable goods having this value is required. This may be achieved through sealed bids, auction, or open market sales. Bidders shall be required to submit a 10% cash bond or a minimum of \$100, whichever is greater, in the form of a cashier's check or money order payable to the City of Crestwood in order for their bid to be considered.