



PURCHASING POLICY

SUBJECT: Purchasing Policy

PREPARED BY: Finance Department

EFFECTIVE DATE: September 7, 2016

APPROVED BY: City Commission

SUPERSEDES: 2011 Purchasing Procedures

APPLICABLE TO: City Employees and Elected Officials

1.0 **PURPOSE**

The purpose of this policy is to establish the general policy of the City of Lawrence related to the purchase of goods or professional services by the City for use in conducting the necessary official business of the City. Purchasing procedures will be developed which further outline the purchasing process and internal procedures related to making purchases on behalf of the City and processing such purchases.

The City Manager and department directors are empowered to make purchases of goods or professional services, within budgetary limitations and the limitations set forth in this policy, in order to conduct the necessary official business of the City. The City Manager is charged with the development of purchasing procedures which detail the implementation of this policy.

2.0 **POLICY**

2.1 City employees shall seek the best value when purchasing on behalf of the City. In order to ensure the best value, price checks are encouraged and staff is encouraged to document those price checks when purchases are made under the threshold requiring quotes or formal bidding.

2.2 It is the responsibility of every city employee and city elected official to ensure that purchases are in the interest of and for the betterment of the City, and are for legal and appropriate City business.

2.3 Employees and officials are expected to exercise reasonable judgment to minimize costs by exercising the same care in incurring expenses that a prudent person would exercise in conducting personal business.

2.4 Vendors can expect fair and equitable treatment from the City.

2.5 The City Manager is charged with development of purchasing procedures which detail the implementation of this policy and reflect the statements

within this policy, maintain public confidence regarding purchasing, achieve the best value for the City, establish appropriate purchasing controls, and foster broad-based competition. City employees shall consult the procedures for further guidance regarding this policy.

3.0 PURCHASING THRESHOLDS

The following sets forth the purchasing authority for various thresholds of purchases for the City of Lawrence.

\$0-\$5,000

- Follow general purchasing expectations to seek the best value when purchasing on behalf of the City; price checks are encouraged and staff is encouraged to document those price checks
- Authorized purchaser as determined by Department Head required

\$5,001-\$10,000

- Quotes required for general purchases
- Purchase order required
- Department Head approval required

\$10,001-\$50,000

- Quotes required for general purchases and construction/professional-type services
- Purchase order required
- Department Head approval required
- City Manager approval required for purchases over \$25,000

\$50,001-\$100,000

- Formal bids and/or Requests for Qualifications/Requests for Proposals required
- Purchase order required
- Department Head approval required
- City Manager approval required

\$100,001 and up:

- Formal bids and/or Requests for Qualifications/Requests for Proposals required
- Purchase order required
- Department Head approval required
- City Manager approval required
- City Commission approval required

4.0 APPROVAL OF CLAIMS

The City Commission has authorized the City Manager sole authority to establish and administer procurement policies and procedures for all City purchases. The City Manager has the authority, within the parameters of the approved budget, to authorize payment of obligations for purchases. A claim register listing these

payments must be presented to the City Commission for their acknowledgment at a City Commission meeting.

5.0 SUSTAINABLE PURCHASING

It is the general policy of the City to support the purchase of products that will minimize negative environmental, health, and social impacts of City operations and support markets for sustainably-produced products. The purchase of these products is preferred whenever they perform satisfactorily and are available at a reasonable cost.

6.0 LOCAL PREFERENCE

6.1 In order to balance support for local businesses and the goal to have the best value for the City, the City of Lawrence has adopted a local preference policy that applies to formal competitive bids of \$50,000 or greater.

6.2 A responsible bid from a local business entity that is no more than one percent (1%) and no more than \$10,000 higher than the lowest responsible bid may be preferred over the lowest responsible bid; or If all aspects of a responsible bid from a local business entity are equal to the responsible bid from a non-local business entity, the local business entity may be preferred.

6.3 Local preference shall apply to all bids equal to or greater than \$50,000 except:

- a) When bids in which Federal fund or other funds are used that prohibit the application of the preference.
- b) On construction or reconstruction of public improvements.
- c) On cooperative purchasing agreements or contracts in which the City participates.
- d) If a business entity has any outstanding liens, fines or violations with the City of Lawrence.

7.0 CONTRACTING FOR PROFESSIONAL SERVICES

The City of Lawrence may issue a Request for Qualifications (RFQ) or a Request for Proposals (RFP) as a step for acquiring professional services. In the event that projected costs for services exceeds \$50,000, Request for Qualification/Proposals shall be required. The selection a vendor to perform these professional services is based only on qualifications of the best proposal for the project.

8.0 COOPERATIVE PURCHASING AUTHORIZED

The City, acting through the City Manager, may either participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the purchase of any supplies, services, or construction with one or more units of government in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between units of government and open-ended State contracts which are made available to cities.

9.0 NON-COMPETITIVE SELECTION

The City of Lawrence may utilize non-competitive selection for a supply, service, or construction item without competition as determined under the following circumstances:

- a) Price established by law.
- b) Emergency purchases as determined by the City Manager.
- c) Resale purposes.
- d) Purchase from another governmental unit at a price deemed less than commercially available.
- e) Sole source of supply

The City Manager will report to the City Commission those purchases made by non-competitive selection.

10.0 CHANGE ORDERS/CHANGES IN SCOPE

Significant changes to purchases are considered whenever the change is 10% over the original purchase order amount. Any significant change requires a change order. If the cumulative amount of the changes increase the purchase order by more than \$50,000, City Commission approval is required.

To more closely monitor construction project change orders, bids must be written in a way that can clearly define what the change is and how much the increase or decrease should be. Bids should request quantities such as linear feet, square feet, cubic yards, etc. and never a lump sum.

Contracts for projects over \$50,000 may be awarded with a percentage contingency amount set by the City Commission. The percentage amount awarded shall depend on the scope and complexity of the project. Any request for expenditures exceeding the contingency amount shall require City Commission approval for the additional funds.

Extra work beyond the original project scope requires City Commission approval. The contract with the vendor should include language that describes the change order process.

11.0 ETHICS IN CITY PURCHASING

11.1 General Ethical Standards for Employees: The City of Lawrence will not tolerate any attempt to realize personal gain through City employment by conduct inconsistent with the proper discharge of the employee's duties. In order to fulfill this general prescribed standard, employees must follow the ethical requirements set forth in the City's adopted purchasing procedures.

11.2 General Ethical Standards for Non-Employees: Any efforts to influence any City employees to breach the standards of ethical conduct set forth in this policy or the City's adopted purchasing procedures is also a breach of ethical standards.

12.0 DISPOSAL OF PROPERTY

Surplus and obsolete property may be transferred, sold, offered as a trade-in, or

destroyed. Abandoned and confiscated property shall be sold or destroyed. Any property disposed of will be stripped of all identification as City property. The disposal of City property shall be authorized by the City Manager. In the case of property valued at more than \$100,000, City Commission approval shall be required.

13.0 ENFORCEMENT

The City Manager will have overall responsibility for administering this purchasing policy. The Finance Department will have responsibility for developing procedures, and providing oversight regarding adherence to this policy and the purchasing procedures. Department Heads will be entrusted with the responsibility of implementing and enforcing the policy within their departments.