

Administrative Order No. 2009-06 - Purchasing Policy

Effective November 1, 2009:

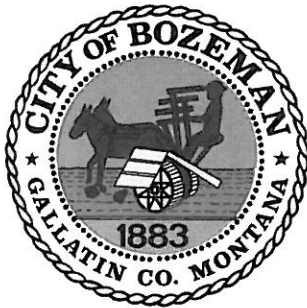
The City of Bozeman Purchasing Policy is hereby adopted.

Chris A. Kukulski

Chris Kukulski, City Manager

Dated:

10-12-09



City of Bozeman

PURCHASING POLICY

Dated: October 6, 2009

Purpose: The City of Bozeman takes care to ensure that we comply with federal and state laws and city ordinances for all expenditures. The public can rely on us to make fair, competitive, and open purchasing decisions that are in the best interest of the City.

Policy:

1) GENERAL PROVISIONS:

- a) No employee will personally benefit from a contract or purchase entered into by the City of Bozeman.ⁱ
- b) No employee will use city funds for personal purchases of any nature.ⁱⁱ
 - i) Authorized personal use of city-provided cell phone, data devices, and internet usage is allowed in certain cases, according to the City's Phone and Internet Usage policy.ⁱⁱⁱ
 - ii) Authorized personal use of city-provided vehicles for commuting is allowed in certain cases, according to the City's Vehicle Usage policy.^{iv}
 - iii) Purchases under the Dell Employee Purchase Program are authorized as an employee benefit, being repaid through payroll withholding.
- c) No employee will receive a commission, profit, gratuity, or gift as a result of any contract or purchase made by the city.^v
- d) Itemized receipts and invoices are required for all purchases. Details must be shown to ensure the public can determine EXACTLY what is being paid for, including individual units purchased and/or hours of service and the associated rate for each.
- e) All boards, committees, or other recognized entities of the City of Bozeman wherein a City employee is the authorized approver of the board's purchases must comply with this purchasing policy. Any board or committee given independent purchasing authority by law or by the City Commission, including the Library Board of Trustees, the Parking Commission, the several Business Improvement Districts and urban renewal agencies should comply, to the greatest extent possible, with the requirements of this policy.

2) TRANSACTIONS WITH EMPLOYEES AND RELATED PARTIES:

- a) The City does not contract with or purchase goods or services from employees or employee-owned businesses.^{vi}

- b) The City does not contract with or purchase goods or services from a business owned by an employee's spouse, ex-spouse, mother, father, sister, brother, child, step-child, or adopted child.^{vii}
 - c) Waiver of these employee and related-party restrictions can only be granted by the City Commission BEFORE the purchase or contract has been entered into. Such a waiver requires a publicly advertised hearing for that specific purpose, along with consideration of the circumstances and factors outlined in MCA 7-5-4109 (2).
 - d) Provisions for annual review and disclosure of employee-vendor relationships will be developed by the Finance Department, with disclosures on file in the City Clerk's office.^{viii}
- 3) **CREDIT CARD TRANSACTIONS:** Use of credit cards accounts can be advantageous to the City. We seek to take advantage of the convenience of these accounts while paying minimal finance charges.
- a) Items charged to credit card accounts are subject to all existing purchasing and approval requirements.
 - b) Cash advances are prohibited.
 - c) Departments making credit card purchases will make all necessary efforts to submit approved receipts to the Accounting Division in time to avoid all finance charges on the card. Failure to submit approved receipts in time to avoid finance charges may be grounds for rescinding credit card privileges.
 - d) The Finance Director is responsible to authorize, to increase or decrease credit limits, block certain purchases by transaction codes, and issue and rescind cards to city employees.
- 4) **MEAL AND FOOD PURCHASES:** In many cases, it is to the City's advantage to provide food to employees and volunteers while they are conducting city business, or in special cases of recognition or award. Meal and food purchases are subject to all existing purchasing and approval requirements.
- a) ALL meal and food purchases must have receipts signed by Department Directors.
 - b) Per Diem amounts are established in the Travel & Training Policy. Only Department Directors may approve exceptions to the Per Diem amounts.^{ix}
 - c) Receipts for meals eaten at restaurants while not in an overnight travel status must be submitted to the Accounting Division on a completed "Travel Advance" or "Meals - Taxable Fringe Benefit Form", whichever is applicable.^x
 - d) The purchase of alcohol and tobacco with city funds is prohibited.^{xi}
- 5) **INFORMATION TECHNOLOGY SOFTWARE & HARDWARE PURCHASES:** Computers, servers, telephones, cell phones, personal data devices, printers, etc. ALL technology-related purchases, both hardware and software, must be approved by the Director of Information Technology (or their designee) PRIOR to purchase.
- 6) **PREVAILING WAGE REQUIREMENTS:** Certain "public works construction contracts" and other city "non-construction" contracts over \$25,000 must pay Montana's prevailing wage. Refer to Section 18-2-401 MCA for definitions of these services.
- 7) **DOCUMENTATION AND SELECTION OF VENDORS:**

- a) **PURCHASING GOODS:** ie. Supplies, materials, equipment, or other assets. The City seeks the lowest life-cycle costs when comparing like goods. Estimated useful life and maintenance costs must be documented whenever they are factored into purchasing decisions.
1. Up to \$2,500 **per unit**. The department may purchase at the Department Head's authorized signatory's discretion.
 2. \$2,501 - \$9,999 **per unit**. The department may purchase at the Department Head's authorized signatory discretion, with a minimum of two phone quotes (or other documentation, i.e. catalog price lists, online price listings, etc.) for the item. Documentation must accompany the approved claim.
 3. \$10,000 - \$49,999 **per unit**. A minimum of two written quotes (on vendor's stationary) is required. Documentation must accompany the approved claim.
 4. \$50,000 and up for auto, trucks, equipment, machinery, supplies, construction, repair and maintenance. All items in this range must follow the formal advertisement process outlined in state law.^{xii}
- b) **PURCHASING SERVICES:** Contracts for services are awarded to the lowest most-responsible vendor or bidder. When determining which vendor or bidder is the "lowest most-responsible" you may take into consideration generally available information regarding their skill, ability, their integrity to do faithful, conscientious work, and promptly fulfill the contract according to its letter and spirit.^{xiii} (Including: qualifications, available staff, references, delivery date, inspection, testing, quality and workmanship, etc.)
1. For all Architectural, Engineering, and Land-Surveying services: Advertised Requests for Proposals or Requests for Qualifications must be made for services costing over \$20,000. Refer to Section 18-8-201 MCA for the procedures required for selection of these vendors.
 2. Other Professional Services, including non-construction services as defined in Section 18-2-401 (9) MCA:
 - a. Professional services totaling **up to \$2,500** per agreement.
 - The department may purchase at the Department Head's authorized signatory's discretion.
 - b. Professional Services totaling between **\$2,501 - \$50,000** per agreement:
 - At least three written quotes must be accumulated, with the "lowest most-responsible vendor" selected.
 - c. Professional Services totaling **\$50,000** or more per agreement:
 - A published "Request For Proposals" must be made, with the "lowest most-responsible vendor" selected.
- c) **Government Services (GSA, WSCA, etc.) Procurement:** Supplies, equipment, and other professional services may be purchased from another government entity (including government purchasing programs) without bids or advertisements when done so at a substantial savings to the City.^{xiv}
- i) It should be noted that these purchasing arrangements are often, but not always, the lowest price available.

- ii) Requirements for prevailing wages must still be met for “public works construction contracts” and “non-construction” contracts over \$25,000. Refer to Section 18-2-401 MCA for definitions of these services.

 - d) **Special Cases for Sole Source Purchases:** In the case of some of the City’s information technology, building mechanical, public works utility, and other infrastructure, it is in the best interest of the City to maintain a compatible and reliable system provided by a single vendor. For cases where:
 - i) there is only one source for the supply or service item, or
 - ii) only one source is acceptable or suitable for the supply or service item, or
 - iii) or the supply or service item must be compatible with current supplies or services^{xv},the requirements for quotes on purchases up to \$49,999 may be waived by the Director of Finance. Approval must be documented and obtained from the Director of Finance PRIOR to purchase.
- 8) **APPROVAL OF PURCHASES:** Two (2) signatures are required to approve the payment for any good or service purchased by the City. The following must appear on each claim submitted to the Accounting Division.
- i) Authorizing signature: Must be the Department Director or their official designee, on record as authorized to sign in the Accounting Division. In signing, they are certifying that the goods or services were received by the City, and are within the approved budget and agreed contract, if applicable. If they did not witness the delivery of the goods or services, they have verified with other staff members that the good or services were received.

 - ii) Attest (Witness) signature: Any other City Employee or Board Member who can also attest that the goods or services were received by the City. This individual is NOT required to be an authorized signer on record with the Accounting Division.
- 9) **EMERGENCY PURCHASING PROVISIONS:** In the case of an emergency or disaster declared under Section 10-3-401 MCA, these purchasing rules may be temporarily suspended.
- 10) **VIOLATIONS OF THIS POLICY:** Violations of this policy are subject to disciplinary action in accordance with the Employee Handbook and any applicable union contracts.

ⁱ Ordinance No. 1759, Ethics Ordinance, Section 2.01.010 and Section 2.01.040(D)

ⁱⁱ Ordinance No. 1759, Ethics Ordinance, Section 2.01.040(D) and Section 2.01.050

ⁱⁱⁱ Administrative Order 2007-06A, Information Technology Use Policy, Page 3

^{iv} Administrative Order No. 2007-03, Vehicle Use Policy

^v Ordinance No. 1759, Ethics Ordinance, Section 2.01.090

^{vi} Section 7-5-4109, Montana Code Annotated (MCA)

^{vii} Section 7-5-4109, Montana Code Annotated (MCA)

^{viii} Ordinance No. 1759, Ethics Ordinance, Section 2.01.100 (D)

^{ix} Administrative Order No. 2007-04, Training and Travel Policy, Section VI.

^x Internal Revenue Code, Section 119. See also: Taxable Fringe Benefit Guidelines, IRS.

^{xi} Administrative Order No. 2007-04, Training and Travel Policy, Guidelines on Personal Expenses.

^{xii} Section 7-5-4302, MCA

^{xiii} **Debcen, Inc. v. City of Glasgow**, 2001 MT 24, 305 Mont. 391, 28 P.3d 478

^{xiv} Section 7-5-4303 (2), MCA

^{xv} Section 18-4-306, MCA

