

**CITY OF SHELBY
PROCUREMENT PROCEDURES POLICY**

INTRODUCTION

The Purchasing Procedures Policy explains the purchasing system used by the City of Shelby. The intent of the Shelby City Council and city staff is to buy materials, supplies and services of high quality at a reasonable cost. All purchasing actions engaged by the City should be fair, impartial, and free from impropriety or the appearance of impropriety. All qualified buyers and sellers shall have access to compete for City business, and no reasonable offer shall be arbitrarily excluded.

The Council will appoint a Procurement Officer or Officers as necessary to implement this policy, usually City Clerk and Mayor.

This policy is applicable to all City Departments.

PROCUREMENT PROCEDURES FOR BUDGET ITEMS

1. For all purchases verify that the item is a budgeted item for your respective Department and/or will not create the need for a budget amendment. All non-budgeted items or purchases which would create the need for a budget amendment need to be approved by the City Council following approval of the required budget amendment.
2. Determine the process necessary for your budgeted contract or item for purchase:
 - a. \$150 & Under: No PO required.
 - b. \$150 - \$999: PO required; Procurement Officer approval before purchase.
 - c. \$1,000 - \$2,499: 3 verbal quotes; PO required; Procurement Officer approval before purchase.
 - d. \$2,500 – And Up: 3 written quotes; PO required; City Council approval before purchase.
 - e. The total cost of the purchase should be considered when evaluating the above thresholds and in determination of final vendor selection. Total cost includes shipping/handling fees and transportation surcharges.
3. The City Clerk will retain a hard copy of the requested PO and distribute one copy to the requesting department and one copy to the Procurement Officer.
4. Submit any documentation, including the invoice, store receipt, or packing slip/work order document to the City Clerk.
5. Unapproved PO's/Invoices or items missing supporting documentation will be considered incomplete and will not be paid.
6. Departments are not to separate purchases for the purpose of circumventing purchasing guidelines.

PURCHASE ORDERS (PO)

A PO should always be requested and the PO number received by the department prior to charging any materials, supplies, or services to be billed to the City exceeding the minimum threshold. In addition to purchases under the minimum threshold, a PO is not required for payments due under an on-going service contract, or a public improvement project which has been approved by the City Council.

IOWA AND LOCAL PREFERENCE GIVEN

By virtue of statutory authority, preference will be given to products and provisions grown and produced within the State of Iowa. The City shall make every effort to support Iowa products when making a purchase. Tied responses to solicitations, regardless of the type of solicitation, shall be decided in favor of the Iowa products.

Iowa Code, Chapter 73.1, Preference Authorized:

“Every...city, and every person acting as contracting or purchasing agent for any such...governing body shall use only those products and provision grown and coal produced within the state of Iowa, when they are found in marketable quantities in the state and are of a quality reasonably suited to the purpose intended, and can be secured without additional cost over foreign products or products of other states...”

Companies with operations in the City of Neola will also be given purchasing preference in all purchasing situations and competitive quotation situations. If a qualifying local company's price or quotation is within 10% of any competing non-qualifying company, up to \$5,000 maximum difference, the qualifying local company will be awarded the purchase or contract.

SALES TAX EXEMPTIONS

Under Iowa Law, (Code of Iowa section 422.45.7), the City of Neola is exempt from tax in the case of sales of articles purchased for the City's exclusive use. Additionally, the City agrees to pay tax, including interest, on such articles to the vendor or will reimburse the vendor for any tax, including interest, assessed by the State government.

CREDIT CARD POLICY

This policy is adopted to establish guidelines for use of City-issued credit cards by employees. All credit card purchases shall adhere to the same procedure as other purchases as defined in this policy.

Two credit cards shall be available for use by City Employees and must be checked out by the Procurement Officer prior to use.

Credit Cards may be used generally for the following items, although they may be used for other purchases as approved by the City Council:

1. Meal expense when on City business (no liquor expenses or gratuity expenses beyond 15% of the bill submitted can be included).
2. Gasoline for City vehicles
3. Lodging
4. On-line purchases requiring a credit card and no other payment or billing option is available.
5. Purchases requiring immediate payment if the City is unable to issue a check for the purchase.

As credit cards are issued in the City's name only, employees traveling out of town on City business will be provided a certificate signed by the Procurement Officer stating approval for that employee's use of the card for legitimate purposes during their trip.

All receipts must be signed by the department supervisor and brought into the City Clerk's office upon return of the card. If receipts are not turned in, the City will not be responsible for those charges on the card and said charges shall become the responsibility of the employee making the charges.

Any credit card charges lacking a receipt shall be investigated and appropriate reimbursement and/or disciplinary action will be taken. Personal use of City of Neola credit card is strictly prohibited.

EMERGENCY EXEMPTIONS

This policy may be circumvented if a situation arises that meets any of the following emergency procurement conditions:

1. The situation threatens public health, welfare or safety; or
2. The department must act to preserve critical services or programs; or
3. The need is a result of events or circumstances not reasonably foreseeable.

In the event that any of these situations occur, purchases of emergency need items can be made without approvals required by this policy. At the conclusion of the situation, formal documentation will be required by staff participating in the event to outline the occurrence, and justify the expenditures made under the emergency exemption.

PROCEDURES FOR OBTAINING QUOTATIONS

\$1,000 - \$2,499

The employee requesting a purchase in this range must compile three verbal quotes. Telephone quotations are acceptable for these purchases. After writing down all three quotes, reviewing the prices and determine the low bidder who has met the requirements. Apply any local preference when applicable.

When obtaining telephone quotations, you are subject to certain legal constraints:

1. Do not reveal one vendor's price to another until the purchase order has been approved.
2. Do not ask a vendor to revise the price once it is given. (However, should a vendor call back before you have completed the telephone quotation process requesting to revise the price, you may accept the new price.)

The telephone quotation only identifies the lowest bidder meeting specifications. Authority to place an order is given once the appropriate signatures have been secured.

NOTE: In some instances, verbal quotes may not be available from the vendors. In lieu of obtaining verbal quotes, written quotes may be obtained for items in this category. See the next section for discussion of acceptable written quote mediums.

\$2,500 and Up

All informal competitive bidding purchases in excess of \$2,500 shall be based on at least three competitive written quotes, and shall be awarded to the lowest bidder in accordance with the standards set forth in this policy, including the application of any local preference.

When obtaining written quotations, you are subject to certain legal constraints:

1. Do not reveal one vendor's price to another until the purchase order has been approved.
2. Do not ask a vendor to revise the price once it is given. (However, should a vendor call back before you have completed the telephone quotation process requesting to revise the price, you may accept the new price.)

A copy of each written quotation must be attached to the PO request.

Written quotes can be accepted in a variety of different mediums, but must clearly identify the vendor information associated with the pricing (IE: email, fax, internet pricing lists, traditional catalog price lists, brochures, flyers). Pricing should include all applicable charges and shipping/handling fees.