

PURCHASING PROCEDURES MANUAL

1.0 Purpose

- 1.1 To establish purchasing procedures to guide authorized City personnel in the purchase of construction, repair and maintenance projects, supplies and services in accordance with the requirements of state law, the City Charter, City Code, including Chapter 38 of the City Code relating to the Purchasing Agent (City Manager), and Administrative Directive 3-5.

2.0 Scope

- 2.1 See Administrative Directive 3-5.

3.0 General Purchasing Guidelines

- 3.1 Form of Contract. Contracts should be in writing, and on forms approved by the City Manager and City Attorney where possible; oral contracts are discouraged except in emergency situations.
- 3.2 Purchases That Require Pre-approval. All purchases of \$5,000 or more will require a designated City employee to enter a purchase requisition into the Purchase Order module of the Financial System, using his or her department's account number. Requisitions shall be entered and approved pursuant to authorization levels set forth in Administrative Directive 3-5 Section 4.0, resulting in a purchase order (PO) being generated, **PRIOR** to incurring the expense for all purchases exceeding \$5,000.
- 3.3 Payment of Invoices. Invoices requested for payment shall be scanned and attached to the Invoice Entry in the Financial System. Payments should be made from invoices only, not quotes, statements, etc. Such invoices will route through the appropriate levels of approval as follows:
 - A. Under \$1,000 – Approve by Department Supervisor or the Department Head
 - B. \$1,000 to \$4,999 – Approve by Department Supervisor and Department Head
 - C. \$5,000 and over – Approve by Department Supervisor, Department Head and Finance
- 3.4 Tax Exempt. – The City is exempt from sales tax on purchases. The tax exempt letter should be provided to each vendor in order to avoid being charged sales tax. The sales tax exemption form can be obtained from the Finance Department.

- 3.5 Employee Reimbursements. See Directive 1-11 Reimbursement of Authorized Expenses.
- 3.6 Grants. See Directive 3-6 Grant Policies and Procedures.
- 3.7 Employee City Credit Cards. See Directive 3-3 Credit Card Policy.

4.0 **Purchasing Under \$5,000**

- 4.1 Flexible Purchasing. Purchases for construction, repair and maintenance projects, supplies and services involving an expenditure less than \$5,000 may be awarded pursuant to the method determined by the Department Head to be the most effective means of obtaining the best value for the City and its residents. Invoices are entered directly into the BS&A A/P module.

5.0 **Purchasing \$5,000 to \$24,999**

Purchasing methods available for purchases under \$25,000 are Open Market Quotes, Vendor Approval Forms or the Approved Vendor List.

- 5.1 Open Market Purchasing Procedures. Purchases for construction, repair and maintenance projects, supplies and services involving an expenditure equal to or greater than \$5,000 but less than \$25,000 must be awarded in conformance with the procedures set forth in this section unless a specific exception or waiver is granted. The PO must be created before goods and services are received. Required documentation for the PO is the Open Market Quote form. Invoices are entered into the BS&A A/P module and applied against the PO.
- 5.2 Number of Quotes. Open market purchases and contracts shall, wherever possible, be based on three or more competitive quotes.
- 5.3 Notice Inviting Quotes. The City Manager or other person designated by this Directive may solicit quotes for open marketing purchases or contracts by any one or more of the following methods:
 - A. Direct mail request to prospective vendors;
 - B. Telephone;
 - C. Facsimile;
 - D. Public notice posted in the City Hall;
 - E. Publication in a newspaper;
 - F. Notice to the Lake Forest Chamber of Commerce;
 - G. Notice to trade or membership organizations whose members may have relevant expertise;
 - H. Electronic mail;
 - I. Internet; and
 - J. Trade catalogs.
- 5.4 Award of Contract. The City Manager should, whenever practicable, award the contract or purchase to the vendor providing the lowest responsible quote.

- 5.5 Accepting Single Quote Received. When only one quote is submitted, that fact alone shall not prevent the City from accepting that quote.
- 5.6 Documentation. At a minimum, the Open Market Quote form should be attached to the purchase order generated in the BS&A PO module. The Department shall keep a record of all open market purchases and the quotes submitted for each purchase. This record shall, at minimum, contain the following information and shall be on the Open Market Quote Form attachment:
- A. The process used for solicitation of quotes;
 - B. The names and contact information of vendors solicited for quotes;
 - C. The responses received from the vendors solicited for quotes;
 - D. If no response received from a contacted vendor, this should be included on the Open Market Quote form.
 - E. The grounds for selection of the vendor.
- 5.7 Vendor Approval Form. – To be used for purchases where three quotes have not been solicited. Form to be approved by the City Manager if under \$25,000. If cumulative over \$25,000, the vendor to be approved by the Finance Chairman. Signed form to be attached to the purchase order.
- 5.8 Vendor Lists. Vendors or other providers of services anticipated to exceed \$5,000 in a fiscal year shall be reviewed annually by the City Manager. The City Manager may approve vendors up to \$24,999 to be included on an approved vendor list for departments to use during the year. Vendors anticipated to exceed \$25,000, shall be presented to the City Council for approval as part of the annual budget process.

6.0 Purchasing \$25,000 and Over

Purchasing methods available for purchases \$25,000 and over include Competitive Bid, Requests for Proposal (RFP) or Exceptions and Waivers pursuant to Administrative Directive 3-5.

6.1 Competitive Bidding Procedures. Purchases for construction, repair and maintenance projects, supplies and services involving expenditures of \$25,000 or more must be awarded in conformance with the procedures set forth in this section unless a specific exception or waiver is granted. The PO must be created before goods and services are received. The City Council approval date must be referenced in the notes of the PO. Invoices are entered into the BS&A A/P module and applied against the PO.

6.2 Public Notice Required.

A. Public notice of all invitations to bid shall be published one or more times in at least one newspaper of general circulation within the City, not less than ten days prior to the date by which all bids must be submitted to the City. The City Manager or designated City employee may also solicit bids by sending copies of the newspaper notice directly to prospective bidders which ordinarily provide the type of construction, repair and maintenance projects, supplies and services being sought and to the Lake Forest Chamber of Commerce.

B. The public notice of the invitation to bid shall include, at a minimum, the following:

- (i) a general description of the materials, supplies, or work to be purchased;
- (ii) the location of the work site, if applicable;
- (iii) the place where bid documents may be found and reviewed;
- (iv) the place at which bids must be submitted;
- (v) the time and place for the opening of bids;
- (vi) deposit and bonding requirements; and
- (vii) a statement that the City reserves the right to reject any and all bids received.

6.3 Additional Information. The City reserves the right to require, from any bidder, prior to the award of a contract, additional information including, but not limited to, information regarding the bidder's business and technical organizations; the bidder's plant, equipment and personnel available to perform the contract; the bidder's financial resources; the experience of the bidder's personnel; the bidder's experience in providing construction, repair and maintenance projects, supplies and services that are similar to the construction, repair and maintenance projects, supplies and services for which the contract will be awarded; a history of the bidder's contract defaults and litigation; and a list of the bidder's pending construction or other projects and outstanding bids and proposals.

6.4 Construction Bid Security. Each bid shall be accompanied by such cash deposit, in the form of a cashier's check or bid bond equal to 10% of the contract price, unless waived or the required amount is reduced by the City Manager. Bidders shall be

entitled to the return of their bid security, as specified in the bid package, except that a successful bidder shall forfeit its bid security upon failure on its part to enter into a binding contract as provided in the invitation to bid.

- 6.5 Submission of Bids. Bids shall be submitted in a sealed envelope bearing the legend "Sealed Bid for [Name of Work]" at the place and before the time for the opening of bids specified in the invitation to bid. All bids received after the time specified for the opening of bids shall be returned unopened.
- 6.6 Opening and Evaluation of Bids. All bids shall be opened in public with no less than two witnesses, which may include members of the City's staff, present at the time specified for the opening of such bids. All bids shall be tabulated and referred to staff for evaluation and recommendation to the appropriate departments and shall be kept on file by the City Manager as required by Section 6.9.
- 6.7 Award of Contract to Lowest Responsible Bidder. The contract shall be awarded within the time specified in the bidding documents or, if no time is specified, within a reasonable time, by written notice to the lowest responsible bidder whose bid is judged to be the best bid and most favorable to the interests of the City. In determining the lowest responsible bidder, the City shall consider the following factors in addition to price, as applicable:
- A. the compliance of the bid, including required plans and specifications, with bidding and contract requirements;
 - B. the ability, capacity, and skill of the bidder to perform the contract;
 - C. whether the bidder has the requisite facilities, plant, capital, financial resources, organization, and staffing to enable the bidder to perform the contract successfully and promptly, within the time specified, without delay or interference;
 - D. the character, integrity, reputation, judgment, experience, and efficiency of the bidder;
 - E. the quality of the bidder's performance of previous contracts or services;
 - F. the previous and existing compliance by the bidder with other contracts and the laws or ordinances relating to said contracts;
 - G. where relevant, the ability of the bidder to provide future maintenance and service;
 - H. the conditions placed on the bid by the bidder; and
 - I. any other factor that the City may legally consider in determining the bid that is in the City's best interest.

- 6.8 Accepting Single Bid Received. When only one bid is submitted, that fact alone shall not prevent the City from accepting that bid.
- 6.9 Retention of Bids, Quotes and Proposals. All bids, quotes and proposals of vendors to whom a contract is awarded shall be retained for the duration of the contract and the applicable statute of limitations for any claims. All other bids, quotes and proposals shall be retained for the longer of: (A) at least one year following the end of the fiscal year in which received or (B) completion of any construction involved in the contract, except where otherwise provided by applicable law or policy of the City.

7.0 Request for Proposals (RFP) and Qualification Based Selection Procedures

- 7.1 Applicability. Notwithstanding the otherwise applicable procedures, contracts for professional services which require a high degree of professional skill where the ability or fitness of the individual plays an important part shall be awarded in conformance with the procedures set forth in this section.
- 7.2 Department Recommendation. Any contract for professional services, determined by a Department Head or the City Manager or designated City employee to require a high degree of professional skill where the ability or fitness of the individual plays an important part, may be awarded to the person or entity whose proposal for the services is most advantageous to the City as determined by the City Manager for services under \$25,000 or the City Council for services \$25,000 or more.
- 7.3 Solicitation and Submission of Proposals. Proposals for such work may be solicited by a Department Head, the City Manager, or designated City employee, depending on the level of expenditure, in the manner determined by the City Manager to be efficient for the submission and review of such proposals. Proposals \$25,000 or more will require City Council approval. If a grant project, requirements of the grant and Administrative Directive 3-6 must be followed.
- 7.4 Opening of Proposals. The opening of proposals shall not be open to the public to avoid disclosure of confidential information to competing professionals or firms.
- 7.5 Evaluation. In making such determination, the City Manager, Department Head or designated City employee shall consider any evaluation factors that have been established for the proposals in addition to cost.

8.0 Petty Cash Procedures.

- A. All purchases made with petty cash must be documented by a petty cash voucher form properly signed by the purchaser and accompanied by any available supporting bill or authorization. The petty cash voucher is attached in Attachment F. The maximum amount per petty cash transaction is \$75.00.
- B. Each department with their own petty cash fund must record the disbursement on a petty cash spreadsheet with a description of the construction, repair and maintenance projects, supplies and services purchased, and the general ledger

account to be charged. The spreadsheet, supported by petty cash vouchers, must be submitted to the Finance Department whenever a Department's petty cash supply needs to be replenished. See attachment. If the employee belongs to a department without their own funds, petty cash vouchers are submitted on an individual basis directly to Finance.

- C. The following Department Heads have been provided with a petty cash allowance from which reimbursements for departmental purchase may be made:

(i)	Chief of Police	\$750*
(ii)	Fire Chief	\$250
(iii)	Chief Water Plant Operator	\$75
(iv)	Director of Finance	\$ 3,000
(v)	Director of Recreation	\$ 2,550
(vi)	Director of Human Resources	\$ 50
(vii)	City Manager	\$900
(viii)	CROYA Manager	\$500
(ix)	Head Golf Pro	\$ 1,400
(x)	Emergency Fire Chief or Deputy	\$300
(xi)	Director of Community Development	\$200
(xii)	Dickinson Hall Manager	\$100

* Includes a \$300 Chief of Police Investigative Fund

9.0 **Financial Assurances.**

- A. Bonds and Letters of Credit. Any supplier or vendor for a purchase involving construction, repair or maintenance projects in an amount \$25,000 or more, and such other purchases as determined by the City Manager, shall provide and maintain a Performance Bond and a Labor and Material Payment Bond, on forms approved by the City Manager, from a surety company licensed to do business in the State of Illinois with a general rating of A and a financial size category of Class X or better in Best's Insurance Guide, each in the penal sum of the contract price ("Bonds").

In lieu of these Bonds, for the supplier or vendor for a purchase involving construction, repair or maintenance projects in an amount under \$100,000, and such other purchases as determined by the City Manager, may provide letters of credit, on forms provided by the City Manager, from a bank or other financial institution insured by the Federal Depository Insurance Corporation or Federal Savings and Loan Insurance Corporation, licensed or chartered to do business in Illinois or having a registered agent in Illinois, and having adequate capital, assets, earnings and liquidity to ensure the financial soundness of the issuing institution, as determined by the City Manager.

- B. Insurance. Any supplier or vendor for a purchase shall provide certificates and policies of insurance upon request evidencing those types of insurance coverages and limits set forth in Attachment G or as may be required by the

City Manager based on the nature of the purchase and the risks involved. Such policies shall be in a form, and from companies, acceptable to the City Manager. Such insurance shall provide that no change, modification in, or cancellation of any insurance shall become effective until the expiration of 30 days after written notice thereof shall have been given by the insurance company to the City.

- C. Identity Theft Protection. All sensitive material vendors must be provided a copy of The City of Lake Forest's identity theft prevention policy and sign Attachment H. Sensitive material includes, but is not limited to, financial, sensitive or confidential personal information such as account numbers, payment information, dates of birth, full or partial social security numbers, etc.



**ATTACHMENT B
VENDOR APPROVAL FORM
(Over \$5,000)**

This form is to be used to request approval of a vendor when you do not solicit three quotes.

DESCRIPTION:

DEPARTMENT/SECTION:

NAME:

DATE:

VENDOR:

ITEM(S) REQUESTED TO PURCHASE:

PURCHASE AMOUNT:*

* Denote full amount anticipated for fiscal year.

REASON (SELECT ALL THAT APPLY):

SOLE VENDOR

TERRITORIAL

HIGHEST QUALITY

TIMELY DELIVERY

RELIABLE VENDOR

PURCHASED FOR RESALE

CONSISTENT W/ OTHER EQUIPMENT

WRITTEN EXPLANATION/JUSTIFICATION FOR NOT SOLICITING THREE (3) QUOTES:

DEPARTMENT APPROVAL: _____

*Department approved form to be attached to Purchase Requisition in BS&A
Finance Director to seek required approvals for placement on annual Vendor List*

**IF \$20,000 OR GREATER, CITY COUNCIL/FINANCE CHAIR APPROVAL REQUIRED
(attached to Purchase Requisition by Finance Department)**

ATTACHMENT E
Open Market Quote Form



OPEN MARKET
QUOTE FORM
(\$5,000 – \$24,999)

DESCRIPTION OF PURCHASE OR SERVICE:

Department / Section: _____

Employee Name: _____

QUOTE #1		QUOTE #2		QUOTE#3	
Date:		Date:		Date:	
Vendor Name:		Vendor Name:		Vendor Name:	
Vendor Contact:		Vendor Contact		Vendor Contact	
Vendor Phone or email:		Vendor Phone or Email		Vendor Phone or Email:	
Method of Solicitation:		Method of Solicitation:		Method of Solicitation:	
*Vendor Quote:		*Vendor Quote:		*Vendor Quote:	

* If no response received from solicited vendor, indicate not received in Vendor Quote Field.

VENDOR RECOMMENDATION

Vendor Name: _____

Vendor Quote: _____

Basis for Selection: _____

APPROVALS:

DEPARTMENT APPROVAL: _____
(Signature) (Date)

This form must be attached to purchase requisition.

PETTY CASH VOUCHER AND EXCEL SPREADSHEET

RECEIVED OF PETTY CASH

No. _____

DATE _____

DESCRIPTION OF ITEM / SERVICE PURCHASED	AMOUNT
CHARGE TO ACCOUNT	TOTAL

RECEIVED BY _____ APPROVED BY _____

TOPS FORM 3008

LITHO IN U.S.A.

**PETTY CASH REPLENISHMENT FORM**

	Date	Vendor	Description	Department	Account Number	Amount
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
(A) Total From Supplemental Sheets						
(B) Total Amount						

INSTRUCTIONS: This form is to be used to request reimbursement for expenditures made from an authorized petty cash fund.

1. Using the information from the petty cash receipts enter the required data for each column by account number in the spaces provided on the form(s). Total the amount column on line B, including supplemental sheet(s) as required.
2. Summarize and group this information by account number and amount in the spaces provided in the Acc't summary.
3. The detail total on line B should agree to the Total Reimbursement Requested on line C.
4. The "Total Reimbursement Requested," together with the amount of "Cash on Hand" should equal the total balance of the petty cash fund.
5. The request should be signed by the fund custodian and approved with an authorized signature for the accounts charged.
6. If more than one form is required, attach additional forms noting how many pages were used in the upper right hand corner.
7. Forward the original of this form, together with original receipts grouped by account # in the same order as listed, to the Finance Department. A duplicate copy is retained by the department.
8. After the Finance Department has authorized the reimbursement amount, a replenishment will be issued to the custodian.

Custodian's Signature: _____ Date: _____

Dept. Head Signature: _____ Date: _____

(A) Total From Supplemental Sheets		
(B) Total Amount		
Acct # Summary	Amount	
(C) Total Reimbursement Requested		
(D) Cash on Hand		
(E) Total $(C + D)$		
(F) Authorized Petty Cash Balance		
(G) OVER/(SHORT) $(E - F)$		
Charge amount on line (G) to Acct #		

ATTACHMENT G

INSURANCE REQUIREMENTS

These requirements are baseline standards for insurance to be provided in City procurements. They may require adjustment from time to time based on a variety of factors, including the nature, scope, duration, and value of the procurement, subject to approval of the City Manager.

I. CONSTRUCTION:

A. Worker's Compensation and Employer's Liability with limits not less than:

- (1) Worker's Compensation: Statutory;
- (2) Employer's Liability:
 - \$500,000 injury-per occurrence
 - \$500,000 disease-per employee
 - \$500,000 disease-policy limit

Such insurance shall evidence that coverage applies in the State of Illinois.

B. Comprehensive Motor Vehicle Liability with a combined single limit of liability for bodily injury and property damage of not less than \$2,000,000 for vehicles owned, non-owned, or rented.

All employees shall be included as insureds.

C. Comprehensive General Liability with coverage written on an "occurrence" basis and with limits no less than:

\$2,000,000 Bodily Injury and Property Damage Combined Single Limit

Coverage is to be written on an "occurrence" basis.

Coverages shall include:

- Broad Form Property Damage Endorsement
- Blanket Contractual Liability (must expressly cover the indemnity provisions of the Contract)
- Premises/Operations
- Products/Completed Operations (to be maintained for two years following Final Payment)
- Independent Contractors
- Personal Injury (with Employment Exclusion deleted)
- Broad Form Property Damage Endorsement
- Bodily Injury and Property Damage

"X", "C", and "U" exclusions shall be deleted.

Railroad exclusions shall be deleted if Work Site is within 50 feet of any railroad track.

- D. Builders Risk Insurance, written in completed value form, to protect the supplier or vendor and the City against “all risks” of direct physical loss to buildings, structures, equipment, and materials to be used in providing, performing, and completing the construction, including without limitation fire, extended coverage, vandalism and malicious mischief, sprinkler leakage, flood, earth movement, and collapse, and shall be designed for the circumstances that may affect the construction.

This insurance shall be written with limits not less than the insurable value of the project at completion. The insurable value shall include the aggregate value of City-furnished equipment and materials to be constructed or installed by the supplier or vendor.

This insurance shall include coverage while equipment or materials are in warehouses, during installation, during testing, and after the project is completed, but prior to final payment. This insurance shall include coverage while the City is occupying all or any part of the project prior to final payment without the need for the insurance company’s consent.

- E. Owner’s and Contractor’s Protective Liability Insurance, in the name of the City with a combined single limit for bodily injury and property damage of not less than the amount required by the City Manager. This requirement shall apply to construction projects.
- F. Professional Liability Insurance, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate and covering the supplier or vendor against all sums that supplier or vendor may be obligated to pay on account of any liability arising out of the contract. This requirement shall apply to design and consulting projects, as well as to contracts for professionals involved in construction projects.
- G. Umbrella Policy. The required coverages may be in any combination of primary, excess, and umbrella policies. Any excess or umbrella policy must provide excess coverage over underlying insurance on a following-form basis such that when any loss covered by the primary policy exceeds the limits under the primary policy, the excess or umbrella policy becomes effective to cover such loss.
- H. City as Additional Insured. The City shall be named as an Additional Insured on all policies except for:

Worker’s Compensation

Professional Liability (if applicable)

Each such additional Insured endorsement shall identify the City as follows: The City of Lake Forest, including its City Council members and elected and appointed officials, its officers, employees, agents, attorneys, consultants, and representatives.

- I. Other Parties as Additional Insureds. Other entities should be included and named as additional insured on appropriate policies.
- II. DESIGN PROFESSIONALS AND OTHER SIMILAR CONSULTANTS:
- A. Worker's Compensation and Employer's Liability with limits not less than:
- (1) Worker's Compensation: Statutory;
 - (2) Employer's Liability:
 - \$500,000 injury-per occurrence
 - \$500,000 disease-per employee
 - \$500,000 disease-policy limit
- Such insurance shall evidence that coverage applies in the State of Illinois.
- B. Comprehensive Motor Vehicle Liability with a combined single limit of liability for bodily injury and property damage of not less than \$1,000,000 for vehicles owned, non-owned, or rented.
- All employees shall be included as insureds.
- C. Comprehensive General Liability with coverage written on an "occurrence" basis and with limits no less than:
- \$2,000,000 Bodily Injury and Property Damage Combined Single Limit
- Coverage is to be written on an "occurrence" basis.
- Coverages shall include:
- Broad Form Property Damage Endorsement
 - Blanket Contractual Liability (must expressly cover the indemnity provisions of the Contract)
 - Independent Contractors
 - Personal Injury (with Employment Exclusion deleted)
 - Broad Form Property Damage Endorsement
 - Bodily Injury and Property Damage
- D. Professional Liability Insurance, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate and covering the supplier or vendor against all sums that supplier or vendor may be obligated to pay on account of any liability arising out of the contract. This requirement shall apply to design and consulting projects, as well as to contracts for professionals involved in construction projects.
- E. Umbrella Policy. The required coverages may be in any combination of primary, excess, and umbrella policies. Any excess or umbrella policy must provide excess coverage over underlying insurance on a following-form basis such that when any

loss covered by the primary policy exceeds the limits under the primary policy, the excess or umbrella policy becomes effective to cover such loss.

- F. City as Additional Insured. The City shall be named as an Additional Insured on all policies except for:

Worker's Compensation

Professional Liability (if applicable)

Each such additional Insured endorsement shall identify the City as follows: The City of Lake Forest, including its City Council members and elected and appointed officials, its officers, employees, agents, attorneys, consultants, and representatives.

- G. Other Parties as Additional Insureds. Other entities should be included and named as additional insured on appropriate policies.

ATTACHMENT H

**IDENTITY THEFT PREVENTION POLICY
CERTIFICATION**

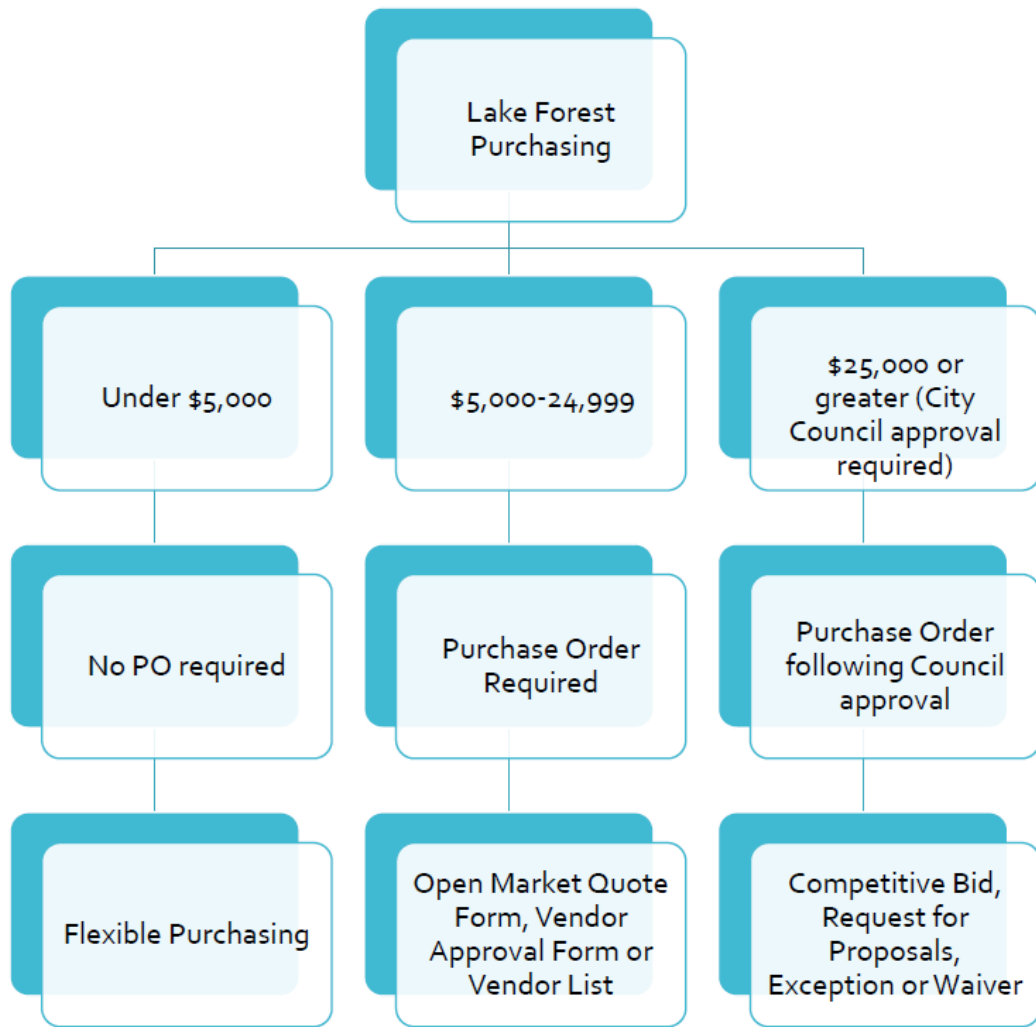
I certify that I have read, understood and agree to comply with The City of Lake Forest's Identity Theft Prevention policy.

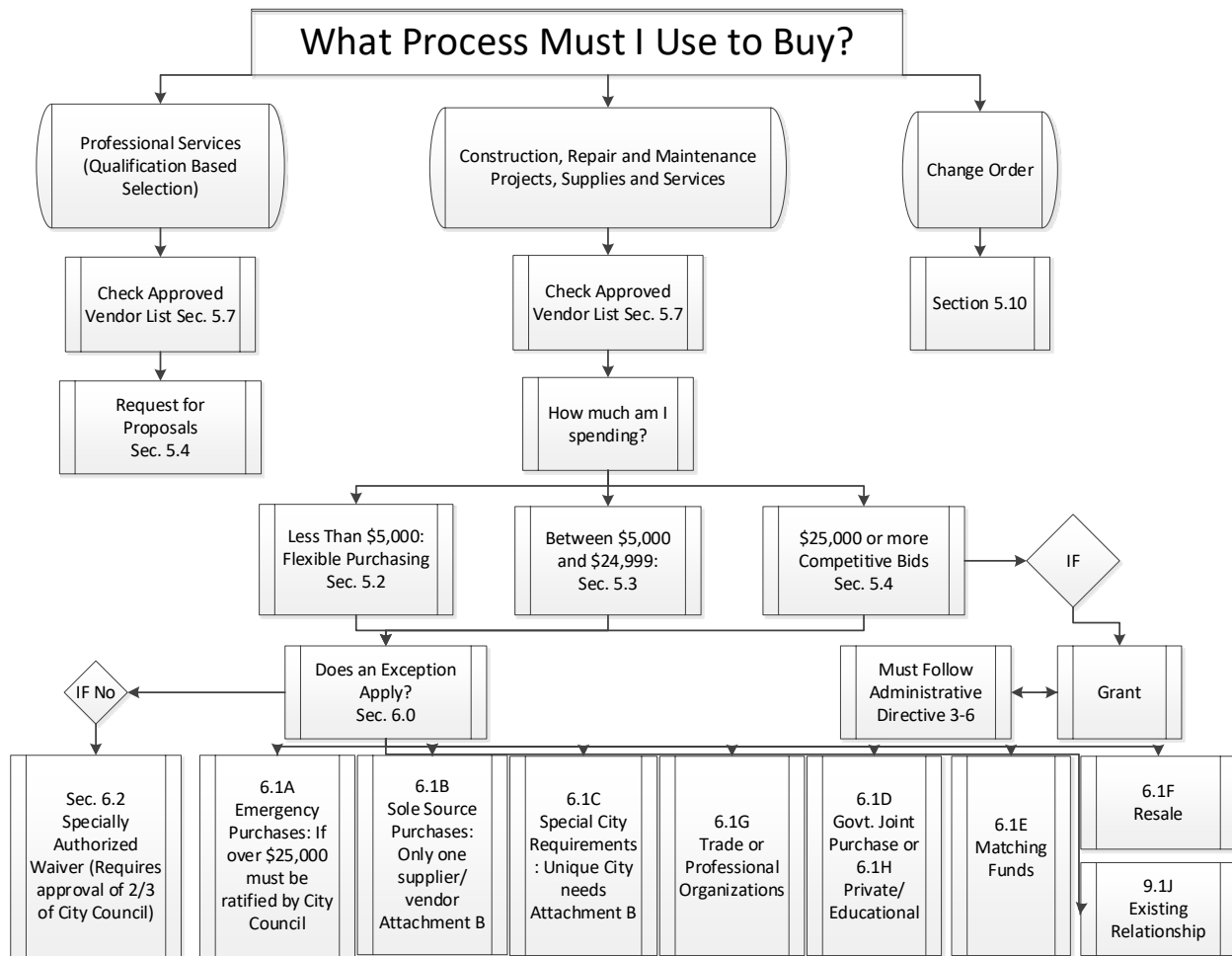
Institution

Signature

Title

Date





Approval of Change Orders: Sec. 5.10

