

City of Arkansas City
Board of City Commissioners
Agenda

Study Session
Tuesday, February 9, 2016 @ 7:00 PM
The Hogan — 324 E. Poplar — Arkansas City, KS

I. Business

1. Purchasing Policy Discussion

Adjourn



Item for City Commission Action

Section I Item 1

Meeting Date
02/09/2016

Department/Division
City Manager

Staff Contact
Nick Hernandez

Title:

Purchasing Policy Discussion.

Description:

The attached spreadsheet was composed to better illustrate our current versus proposed practices. We are seeking commission input to help staff with the finalization of the written policy.

A final draft will be presented to the commission for approval following the meeting's discussion and commission direction.

Commission Options:

For review and discussion.

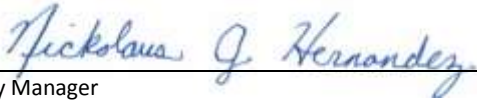
Fiscal Impact:

Amount: None

Fund: Department: Expense Code:

Included in budget Grant Bonds Other (explain)

Approved for Agenda by:



City Manager

**CITY OF ARKANSAS CITY
PURCHASING POLICY SUMMARY**

DEFINITIONS

Formal Bid Process:	Used when risk exposure to the City is high or legally required. Process generally includes: preparation of an RFP; public advertisement; opening sealed bids; preparation of an engineer's estimate and bid tabulation sheet; posting of relevant bonds (bid bond, payment bond, performance bond, and statutory bond); approval by CC.
Informal Bid Process:	Used when risk exposure to the City is not high but when the goal is to obtain the best value and/or lowest price for the City. Process includes obtaining written or verbal prices for specified goods or services. Requires DH approval and may include CM and CC approval.
Competitive Shopping:	Used when risk exposure to the City is low. Process involves purchasing items within authorized spending authority. Usually only requires DH approval but may also require CM approval.

* Depending on risk exposure, a higher level of purchasing can be used.

	Existing Practice and Process	Current Policy	Proposed Policy *
General operating items			
< \$5,000	DH approval. Competitive price shopping encouraged.	<\$10,000 CM approval or submitted to CC at CM discretion.	Competitive Shopping. Increases current policy to give CM approval authority to \$20,000. Informal Bid Process. Informal Bid Process.
\$5,000-\$9,999.99	DH & CM approval. Competitive price quotes from at least 3 vendors and Bid Tab encouraged.		
\$10,000 and over	Operational expenditures related to utility production approved by CM. All others presented for CC approval.		

	Existing Practice and Process	Current Policy	Proposed Policy *
Capital Items (Vehicles, Equipment & Buildings)			
< \$5,000	DH approval. Competitive price shopping encouraged.	<\$10,000 CM approval.	Competitive Shopping. Increases current policy to give CM approval authority to \$20,000 for items itemized and approved in the budget. Informal Bid Process. Formal Bid Process.
\$5,000-\$9,999.99	DH & CM approval. Competitive price quotes from at least 3 vendors and Bid Tab encouraged.		
\$10,000 +	CC approval. Sealed bids.		
Construction Contracts			
<\$20,000	CC approval. Competitive price quotes from at least 3 vendors and Bid Tab encouraged.	All construction contracts to be approved by CC.	Informal Bid Process. Formal Bid Process (No Change).
\$20,000 +	CC approval. Final Architect's or Engineer's Estimate required. Sealed Bids.		
Architectural, Engineering and Land Surveying Services	CC approval. Final Architect's or Engineer's Estimate required. Sealed Bids.	N/A	Require an RFQ process for A/E services on construction projects for amounts \$1,000,000 + and approval by the CC.
Other Goods and Services	\$10,000+ needs CC approval.	N/A	May require an RFQ process and approval by CC.
Contracts	\$10,000+ needs CC approval.	N/A	<\$20,000 must be approved by the CM and contracts of \$20,000 or more require CC approval. CA approval is required of all contracts.

	Existing Practice and Process	Current Policy	Proposed Policy *
Change Orders	Minor increases are approved by DH & CM. CC approval for major increases in project scope or costs.	N/A	Increased by less than \$50,000 or 10% of the original contract may be approved by the City Manager. Change orders decreased by \$50,000 or 25% of the original contract may be approved by the CM. All change orders \$50,000 or more require CC approval.
Local Preference	Same as Current Policy	“In order to maintain the most competitive environment, a formal local preference option is not provided. Specifically, there is no percentage price preference in bids or other competitive processes. However, local service, city efficiency, and other similar judgment factors may be used in determining whether a purchase provides the best value.”	Lowest Responsible Bidder and Best Value Criteria are defined as the determining factors for selection of goods or services.
Purchasing Card Policies and Procedures			Explained in Draft 7 but may remain as a separate document.

* Depending on risk exposure, a higher level of purchasing can be used.

CA = City Attorney

CC = City Commission

CM = City Manager

DH = Department Head