

## **CITY OF HUDSONVILLE**

### **PURCHASING POLICY**

#### **A. Purchasing Agent.**

The City Manager shall act as Purchasing Agent for the City and shall be authorized to purchase supplies, materials, equipment and services for the City **for which funds are provided in a budget approved by the City Commission** and to dispose of surplus supplies, materials and equipment in accordance with this policy. The City Manager, acting as Purchasing Agent, may from time to time designate one or more City employees to act on his/her behalf. The Purchasing Agent shall prepare and/or approve all forms and additional procedures required to carry out this policy.

#### **B. Petty Cash Fund.**

A petty cash fund is established to be funded in an amount determined from time to time by the City Manager. Petty cash purchases from this fund may be used for small items needed at once or for reimbursement of incidental City expenditures. Petty cash will allow the City to procure supplies, materials and services quickly and cost effectively.

The City Treasurer or his/her designee shall maintain the petty cash fund and in connection therewith shall (i) provide proper security and storage of cash and receipts; (ii) permit the use of funds for only permitted expenditures; (iii) obtain itemized receipts for petty cash expenditures; and (iv) obtain, from time to time, funding for the total maximum petty cash balance from the general funds.

Each expenditure or reimbursement from the petty cash fund shall not exceed \$50.00 without prior approval of the City Manager or his/her designee. No personal checks shall be cashed and no personal loans shall be made from the petty cash fund.

In order to be reimbursed from the petty cash fund a third party receipt containing (a) the initials or signature of the approving City department head or City Manager, (b) a brief description of what the reimbursement is for, (c) the amount of the reimbursement sought, and (d) the date the purchase was made, shall be submitted to the City Treasurer or his/her designee within fifteen business days of the expenditure.

Advances may be made from the petty cash fund with the prior written approval of the City Manager or his/her designee. A third party receipt for an advance made shall be submitted to the City Treasurer or his/her designee within two business days of the expenditure and shall contain the information identified in the immediately preceding paragraph.

#### **C. Purchasing Guidelines.**

Except as otherwise provided in this policy, the expected cost of a purchase of supplies, materials, equipment and services shall determine which procedures are required, as set forth

below. **Purchases may only be made pursuant to these guidelines if funds are included in a budget approved by the City Commission.** If not so included, the City Commission shall approve a budget amendment before the purchase may be made. If the quotes or bids obtained for a purchase fall into a higher cost classification than expected, the procedures for the higher classification must be follows.

Cost of Purchase	Procedures
Up to and including \$2,000	<ul style="list-style-type: none"> <li>• effort shall be made to obtain best price via telephone, catalog or internet quotations</li> <li>• no formal request for written quotations is required</li> <li>• purchase order required</li> <li>• approval of the Purchasing Agent, i.e., City Manager or his/her designee, required</li> </ul>
\$2,001 to and including \$10,000	<ul style="list-style-type: none"> <li>• whenever possible, at least three written quotations required</li> <li>• purchase order required</li> <li>• approval of Purchasing Agent, i.e., City Manager or his/her designee, required</li> </ul>
\$10,001 to and including \$20,000	<ul style="list-style-type: none"> <li>• at least three written quotations required</li> <li>• purchase order required</li> <li>• approval of City Commission required regardless of whether or not included in a currently approved City budget</li> </ul>
\$20,001 and greater	<ul style="list-style-type: none"> <li>• bid solicitation as determined by Purchasing Agent</li> <li>• sealed bids required</li> <li>• approval of City Commission required regardless of whether or not included in a currently approved City budget.</li> </ul>

**D. Evaluation and Acceptance of Quotes and Bids.**

Quotes and bids shall be evaluated with the objective of getting the best quality goods and services at the lowest price. The City shall evaluate all quotes and bids objectively. In such evaluation it shall be noted whether price or quality is the predominant consideration and what other criteria will affect the valuation. Any or all quotations or bids or portions thereof may be rejected. Quotes and bids may be approved or awarded where applicable as a total package or on an item by item basis.

**E. Exceptions to Quotes and Bids.**

Informal competitive quotes or formal competitive bids in accordance with this policy shall not be required (i) where the subject of the purchase is from a sole source provider and no advantage to the City would result from obtaining quotes or bids which must be noted in the purchase

order; (ii) in the employment of professional services; (iii) for purchases from, or joint purchases, with another governmental unit; (iv) when the City elects to perform work using City employees; or (v) where the purchase involves the use of State of Michigan or federal funds and State or federal rules, regulations and procedures with respect to purchases apply.

**F. Emergency Purchases.**

In an emergency or an apparent emergency endangering the public peace, health and safety of the City which requires the immediate purchase of supplies, materials, equipment or services, the Purchasing Agent may purchase any supplies, materials, equipment or services which he/she deems immediately necessary. In the case of emergency purchases, a full report of the circumstances of the emergency purchase shall be filed within 30 days of the purchase with the City Commission.

**G. Additional Purchases After Noncompetitive Quotes or Competitive Bids.**

The Purchasing Agent may make additional purchases of supplies, materials, equipment or services from a successful vendor provided (a) the additional purchases are at or near the same cost or less per quantity as originally quoted or bid by the vendor and the purchase occurs no more than twelve months after the date of the original purchase, or (b) the Purchasing Agent is reasonably certain that the same supplies, materials, equipment or services are not available at a lesser cost from another source.

**H. Blanket Purchase Orders.**

Periodic purchases from a single vendor as set forth in a single purchase order for reasons of time savings, availability and pricing may be made using a blanket purchase order. The pricing of such supplies, materials, equipment or services shall be reviewed no less frequently than every 24 months.

**I. Prohibitions.**

No purchase or contract shall be subdivided to avoid the requirements of this policy.

No officer or employee shall have a financial interest directly or indirectly in any purchase or contract unless the City Commission determines by majority vote that waiver of such requirement is in the best interests of the City.

**J. Disqualification of Vendor.**

No quote or bid shall be accepted from a vendor who is in arrears to the City, who is in default on a contract with or payment due to the City or has previously demonstrated bad faith in dealing with the City.

**K. Local Vendors Preference.**

The City recognizes the need to support its area businesses. In the event that two quotes or bids are received, one being from a local vendor, both of which are for the same total amount or unit price, quality and service, and both of which otherwise meet the requirements of this policy, including specifically those contained in paragraph D. hereof, the local vendor shall be selected.

**L. Retention of Quote and Bid Documents.**

A record of all quotation and bids documents related to the purchase of supplies, materials and equipment shall be retained by the City until completion of the financial audit for the fiscal year of the purchase.

**M. Disposal of Surplus Supplies, Materials and Equipment.**

The Purchasing Agent may dispose of supplies, materials and equipment of the City which are surplus, unsuitable or unusable, or may exchange the same for other supplies, materials and equipment. Such supplies, materials and equipment shall be sold in such manner as shall be determined by the Purchasing Agent who shall within 30 days of disposal report any such disposal sale to the City Commission.

Approved by Hudsonville City Commission on December 13, 2011.

## **POLICY ADDENDUM**

### **DEFINITION OF PROFESSIONAL SERVICES (added 1/5/12)**

For the purposes of this policy, the term “Professional Services” shall be defined as follows:

Services performed by accountants, actuaries, appraisers, architects, attorneys, auditors, bond underwriters, engineers, financial advisors, human resources consultants, information technology consultants, physicians and other health professionals, public relations professionals, real estate brokers, urban planners and other such services provided by a formally certified member of a professional body.

*Note: Although the employment of professional services are exempted from the competitive quote and formal competitive bid requirements of this policy, the city may still elect to collect quotes or bids for professional services if so desired.*