



PURCHASING POLICY

**OFFICIAL COPY AS INCORPORATED BY RESOLUTION NO. 2024-R-06
OF THE CITY OF SPRING HILL, KANSAS**

Adopted by Resolution 2024-R-06
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**CITY OF SPRING HILL
PURCHASING POLICY**

TABLE OF CONTENTS

CHAPTER SECTION

- 1. GENERAL PROVISIONS AND PURCHASING OVERVIEW**
 - 1.01 General Provisions**
 - 1.02 Local Vendor Use and Restrictions (Preference Policy)**
 - 1.03 Purchasing Process**
 - 1.04 Emergency Purchases**
- 2. SOURCE SELECTION, COMPETITIVE BIDDING AND AWARD**
 - 2.01 General Provisions and Purchasing Overview**
 - 2.02 Source Selection**
 - 2.03 Procurement**
 - 2.04 Request for Information**
 - 2.04 Quotations**
 - 2.05 Sole Source Procurement**
- 3. AGREEMENTS**
 - 3.01 Price Agreements**
 - 3.02 Cooperative Agreements**
 - 3.03 Government Contracts**
- 4. BONDS AND CONTRACT CLAUSES**
 - 4.01 Bid Security**
 - 4.02 Contract Clauses and Their Administration**
- 5. CHANGE ORDER LIMITS AND AUTHORIZATION**
 - 5.01 Change Order Increase and Approval**
- 6. EXEMPTIONS FROM POLICY**
- 7. EXCEPTIONS TO COMPETITION**
- 8. TAX CLEARANCE**
- 9. FEDERAL REQUIREMENTS AND STATE STATUTES**
 - 9.01 Compliance with Federal Requirements and State Statutes**
- 10. DISPOSAL OF SURPLUS PROPERTY**
 - 10.01 Guidelines for Disposal of Property**
 - 10.02 Methods of Disposition**
 - 10.03 Allocation of Proceeds**
 - 10.04 Terms and Conditions of Sale**
 - 10.05 Sales to Employees**
 - 10.06 Disposal of Grant Funded Equipment**
- 11. TERMS AND DEFINITIONS**
 - 11.01 Terms and Definitions**

PURCHASING POLICY MATRIX	EXHIBIT A
PETTY CASH REQUEST FORM	EXHIBIT B
REQUEST FOR INFORMATION TEMPLATE.....	EXHIBIT C

CITY OF SPRING HILL: PURCHASING POLICY

SECTION 1: GENERAL PROVISIONS AND PURCHASING OVERVIEW

1.01 GENERAL PROVISIONS

This Purchasing Policy has been developed and adopted by the Governing Body to establish uniform policies for the procurement of equipment, supplies, services, and professional services for the City of Spring Hill. This Policy is subordinate to the laws and Constitution of the United States and the State of Kansas, Spring Hill Municipal Code, and City ordinance(s).

A. Authority Roles and Responsibilities

1. The Governing Body is responsible for approving and adopting an annual operating budget to guide City expenditures, adopting the Purchasing Policy, setting City policy and decision-making regarding large purchases, determining whether services shall be performed by officers and employees or third-party contractors (with limited exceptions as delegated to the City Administrator, officers, and Department Directors within this Policy), and providing direction on the provision of City services.
2. The City Administrator and the Finance Director/City Treasurer are responsible to the Governing Body for the enforcement of the Purchasing Policy. The City Administrator may approve procedures to assist in the understanding and compliance with the Purchasing Policy. The Purchasing Policy and procedures issued by the City Administrator shall be applicable to all City employees and officers. Deviation from this Policy may only be made pursuant to the Emergency Purchases provisions set forth in Section 1.04 of this policy.
3. Under the authority of the Governing Body, the City Administrator and Department Directors are delegated purchasing authority and responsibility as established in this policy and as set by the annually adopted City Operating Budget. Department directors are responsible for ensuring their department's purchasing activities are in accordance with the rules and regulations set forth herein.
4. Prior to processing payment, the Finance Department shall review all department requested purchases to ensure compliance with this policy. If it is determined that a department has deviated from procurement policies and procedures without advanced approval by the City Administrator, the finance department shall work with the Department Director to resolve the situation.
5. All city employees authorized to conduct purchasing activities on behalf of the City of Spring Hill shall adhere to the highest degree of ethical standards. No employee shall engage in or permit any illegal or improper purchasing practice. Further, any employee having knowledge of any questionable practices shall immediately report this knowledge to their respective Department Director or the City Administrator. Violation of these policies and procedures shall be grounds

for disciplinary action up to and including termination and/or criminal prosecution in accordance with the City's Personnel Policy and procedures. All City officers, employees, and elected officials shall comply with the City's Ethics Code.

B. Public Access to Purchasing Information: Purchasing information shall be a public record to the extent provided in the Kansas Open Records Act, K.S.A. § 45-215, *et seq.* Retention information may be found in the City's Retention Policy.

C. Purchasing Authority: The following table indicates final payment authorization for City expenditures.

Expenditure Amount	Final Purchasing Authority
\$1 to \$10,000	Department Director
\$10,001 to \$25,000	Finance Director
\$25,001 to \$50,000	City Administrator
Over \$50,000	Governing Body

The Finance Director's purchasing authority for the Finance Department is limited to \$10,000. The Finance Director's extended purchasing authority to \$25,000 is limited to purchases initiated by other department directors.

D. Competition: The City's competitive bidding threshold is \$10,000, at which competition via bids and quotes from multiple vendors are required before purchase of a good or service or professional service. The \$10,000 level is determined by the total value of the purchase, agreement, or lease. The Finance Director with the purchasing Director and with consultation with the City Administrator and City Attorney as appropriate, shall determine whether to utilize the RFP process or obtain quotes.

E. Review and Authorization of Agreements:

- 1. Legal Review.** All contracts, including but not limited to rental or lease agreements, contracts for goods and services, facility use agreements, and interlocal agreements, must be reviewed and approved by the City Attorney prior to execution.
- 2. Finance and Budgetary Review.** The Finance Department will complete a review of all agreements with a lifetime expected cost over \$10,000 prior to Finance approval of the agreement.
- 3. Recordkeeping.** A copy of all contracts of any sort must also be forwarded to the City Clerk for processing and recordkeeping upon execution. A copy of all contracts requiring payment, or the receipt of funds must be forwarded to the Finance Department as promptly as reasonable.

F. Execution: Contracts expected to be greater than \$50,000 for the lifetime of the contract, interlocal agreements, and contracts for the City's lease or purchase of real property must be authorized by the City Council and signed by the Mayor. The City Administrator may place the approval of any contract on the agenda for consideration of the Governing Body at his or her discretion.

The Mayor may, at their discretion, place approval of a contract on the agenda for consideration by the Governing Body before execution.

If the Mayor declines or refuses to sign a contract, The City Administrator and/or the Department Director who submitted the contract for execution may have it placed on the agenda for the next meeting of the Governing Body.

G. Municipal Tax Exemption: The City is tax exempt as a political subdivision under Section 4221(b) of the IRS Code and K.S.A. § 79-3606, except for personal property used in a business setting or goods and services purchased outside of the State of Kansas. Department Directors are responsible for obtaining the latest tax-exempt certificate from the finance department and remit it to the appropriate vendor prior to every purchase.

H. Budgetary Control: With the assistance of the Finance Department, each Department is responsible for adherence to their approved budget. Funds may not be obligated or expended that exceed the Governing Body's approved budget.

1.02 LOCAL VENDOR USE AND RESTRICTIONS (PREFERENCE POLICY)

Whenever a vendor meets price and performance requirements for supplies, materials, and equipment acquired through bids, a bid from a local business may be selected over the lowest responsive and responsible bid only if:

- a) The vendor's business location is physically located within the City of Spring Hill;
- b) The quality, suitability, and usability of the supplies, materials, and/or equipment are equal to that of the lowest responsible bidder; and
- c) The amount of the bid of the local business does not vary more than 2% and does not exceed \$10,000 above the amount of the lowest responsible bid. Such variance shall be calculated based on the total contract price.

Purchases which grant a financial benefit to a City of Spring Hill employee or a member of the City of Spring Hill Governing Body are prohibited unless disclosed through a statement of financial interest, solicited and authorized in compliance with this Policy and the City Employee Handbook, City ordinances and Municipal Code and the laws of the State of Kansas including K.S.A. §§ 75-4304 and 75-4305. All City of Spring Hill employees should promptly disclose any changes in financial interest as soon as practical.

The local preference described in this Section shall not apply to use of federal funds or other governmental funds when the use of such funds prohibits the application of local preference policies.

1.03 PURCHASING PROCESS

A. General Purchasing Information

Departments are responsible for initiating and managing their purchases. The Finance Department is available as a resource.

B. Purchase Orders

Purchase orders are required for all invoiced purchases of goods, materials, or supplies and services with an expected expenditure of City funds of more than \$10,000 unless otherwise exempted. The following items are exempted from purchase orders:

- a) The expenditures are routine monthly obligations (i.e., utility bills, phone bills)
- b) The expenditures are debt related (i.e., debt payments, costs of issuances related to bond sales)
- c) Check requests with supporting documentation (i.e., start up cash for events, approved reimbursements to employees, customer refunds, travel advances, petty cash reimbursements)
- d) Contracted Professional Services (e.g., auditing services, City engaged engineer, City engaged attorney)

Department Directors may sign purchase orders up to \$10,000. The City Administrator may sign purchase orders up to \$50,000. Purchase orders that exceed \$50,000 require approval by the Governing Body.

C. Purchasing Card

To improve the efficiency in processing purchases under \$5,000 the City's Purchasing Card is preferred for any vendor that accepts them. Each Purchasing Card is issued to a named individual who is responsible for all purchases made with the card. Purchases are exempt from sales tax in the State of Kansas. See the City of Spring Hill Employee Purchasing Card Handbook for instructions and procedures.

All use of Purchasing Cards is subject to the City of Spring Hill Purchasing Card Handbook.

D. Claims Voucher

A claims voucher is a document that may be used to authorize the Finance Department to issue a check to a vendor when no receipt or invoice is available and when use of a City Purchasing Card is not possible. Examples of when a claim voucher is used may include but are not limited to: Bond & interest payments, customer refunds, intergovernmental payments, postage, taxes, dues and subscriptions, and petty cash claims over \$50. Claims vouchers are approved for payment in accordance with the final approval authority set forth in this policy under Section 1.01. C, Purchasing Authority.

E. Petty Cash

The petty cash fund was established to enable departments to make small, emergency purchases when a check is not available, or a purchasing card cannot be used. Departments wishing to establish a new or modifying an existing petty cash fund shall contact the Finance Director. Petty Cash expenditures may not be used to circumvent current purchasing procedures.

Expenditures of \$50 or less made by a City employee may be reimbursed through the Petty Cash fund. Adequate receipts and documentation must be maintained to support all transactions made from the petty cash fund.

Complete the petty cash request form (See Exhibit B). A receipt for the expenditure must be attached to this form. The form must be signed and dated by the requestor's department director. The requestor then submits the form to the Finance Department for reimbursement. The Finance Department reviews the petty cash reimbursement request form, and issues cash payment to the requestor.

1.04 EMERGENCY PURCHASES

- A.** Emergency purchases are considered only when adherence to normal purchasing policies and procedures would threaten: (1) the functioning of City government; (2) the preservation or protection of property, machinery, or equipment; and/or (3) the health or safety of any person.
- B.** In case of an emergency as defined above, the City Administrator may waive all provisions for competitive purchasing. Emergency needs shall be purchased by informal open market procedures as expeditiously and as close to normal commercial prices as circumstances will allow. When an emergency expenditure is over \$50,000, a report of the circumstances necessitating the emergency action shall be presented to the Governing Body as soon as practicable, preferably at the following meeting of the Governing Body.
- C.** A department director may directly purchase any essential supplies or services. As soon as practical, the department director shall notify the City Administrator of the situation. The department shall submit a claims voucher with written justification for the emergency purchase.

SECTION 2: SOURCE SELECTION, COMPETITIVE BIDDING AND AWARDS

2.01 GENERAL PROVISIONS AND PURCHASING OVERVIEW

Competition is the defined process in which multiple willing and able firms compete openly, equally and without restriction to supply equivalent goods or services to the City. The City seeks to maximize competition within the competitive procurement process to effect cost savings and to provide more value for the tax dollar. When a department reasonably anticipates that annual aggregate totals for specific goods or services may exceed the limits defined by these purchasing procedures, Purchasing should be contacted for the purpose of establishing a Term and Supply contract.

2.02 SOURCE SELECTION

Exhibit A provides a matrix as quick reference for the source selection and applicable purchasing processes. **Purchases may not be artificially divided to circumvent the normal purchasing process.**

2.03 PROCUREMENT

A. Professional Services

Professional services may include, but are not limited to, legal, engineering, financial, medical, information technology, consulting, or information technology services. Such complex or technical services may be long-term for continuity. Contracts for such services may be written to reflect that services will continue until terminated by one of the parties. Every five years professional service engagements should be reviewed and request for proposals, qualifications, or information should be considered; provided that, contracts for professional services or outsourcing contractual officers are subject to Mayoral appointment and consent of the City Council.

The Mayor, in consultation with the City Attorney or the City Administrator, or as set forth in the Spring Hill Municipal Code, may retain outside counsel.

B. Purchases of Goods, Services, and Professional Services Up To \$50,000

1. **Purchases less than \$10,000.** The purchase of supplies and services, including professional services, from a single vendor, per occurrence, contract, or engagement, having a total value less than \$10,000 shall be the responsibility of the department Director. Competition is not required. For Professional Services, Department Directors are responsible for selection and contract administration based on applicable and appropriate qualifications, experience, referenced successes, and cost factors.
2. **Purchases from \$10,001 to \$25,000.** All requests for the purchase of goods and services, including professional services, totaling \$10,001 to \$25,000 from a single vendor, per occurrence, contract, or engagement, shall require approval by the Finance Director.

Prior to submitting the purchase request, Department Directors must furnish at least three (3) quotes from reputable providers, if feasible. The RFP process may be used if beneficial to the selection of a vendor for the purchase. The Finance Director or designee shall maintain supporting documentation of the quotes. **If the authorized City employee is unable to obtain three (3) quotes, the reason shall be clearly stated in the request for approval from the Director of Finance.**

3. **Purchases from \$25,001 to \$50,000.** All requests for the purchase of goods and services, including professional services, totaling \$25,001 to \$50,000 from a single vendor, per occurrence, contract, or engagement, shall require approval by the City Administrator.

Prior to submitting the purchase request, Department Directors must either recommend the use of the RFP process or state a reason or reasons why the RFP process is not suitable for the requested purchase and utilize the formal or informal bid process. The Finance Director or designee shall maintain supporting documentation of the quotes. **If the authorized City employee is unable to**

obtain three (3) quotes, the reason shall be clearly stated in the written request for approval from the City Administrator.

C. Purchases of Goods, Services, and Professional Services Greater Than \$50,000

All requests for the purchase of supplies and services, other than for professional services, totaling more than \$50,000 from a single vendor, per occurrence, contract, or engagement, shall be approved by the Governing Body as part of the legislative process.

The Request for Proposal (RFP) process shall be followed as outlined in Section 2.04. Separate sealed bids may be requested through the RFP process as deemed necessary by the department director issuing the RFP.

2.04 QUOTATIONS

Quotations are written or verbal statements of prices, terms of sale and description of goods or services offered to the City by a prospective contractor. Quotations from multiple firms shall be used as documentation of purchases with a cost of at least \$10,000.00 but less than \$50,000.00. All quotations obtained by user departments for such purchases from \$10,000.00 to \$49,999.99 require competitive written quotations. Quotations from \$10,000 to \$24,999.99 may be submitted in tabulated form.

A. Informal Bids

Informal Bids are written documents issued by the Finance Department similar to formal bids (see below), with the exceptions that neither public notice nor a stated period of time between bids invitations and bid opening are required. Informal bids may be used to document competition for procurements with an estimated cost of less than \$50,000 or for other procurement situations requiring expedited or unusual handling at the discretion of the City Administrator.

B. Formal Bids

Formal Bids are written documents issued by the Finance Department, inviting potential contractors to submit sealed, written pricing for specific goods and services in conformance with specifications, terms, conditions, and other requirements described in the bid invitation documents.

Formal bids require public notice (legal publication), public bid opening at a time and place designated in the bid document, and a minimum of ten (10) working days between publication of the bid and bid opening. Formal bids shall be utilized to document procurements of goods and contractual services with an estimated project cost of \$50,000.00 or more.

C. Request for Information (RFI)

Department Directors may gather information on the qualifications or services offered by Vendors through a Request for Information (RFI) Process.

The intent of this Request for Information is to solicit information to gain a better understanding of the marketplace, vendors, solution functionality and pricing structures. Responses to an RFI

may be used to obtain funding for a Request for Proposal or Bid process to be issued on a later date.

A Sample formal for the RFI is in Exhibit C.

D. Requests for Proposals (RFP)

Any purchase of services obligating the City to an expenditure of more than \$50,000, other than professional services upon the direction of the Mayor or City Administrator and the City Attorney shall be made under the Request for Proposals process. Request for proposals is a cumulative process that incorporates quotations, both informal and formal bids, and request for proposals as well as a request for information.

The department initiating the Request for Proposals is responsible for forwarding the final award documentation to the City Clerk for record keeping. All submittals, except confidential or proprietary information as defined by law, are public records and must be retained.

Notice to Bidders: A Notice to Bidders for the purchase of goods and services, including professional services, totaling more than \$50,000 shall be advertised in the official paper of the City one (1) time.

The Notice to Bidders form shall be posted on the City's official website. Online advertisement through government contracting websites shall be used whenever possible. Notice may also be issued to prospective bidders suggested by the department issuing the Notice.

A Notice to Bidders form shall be submitted to the City Clerk's office in sufficient time to meet the required publication deadline.

The Notice to Bidders shall be on a form approved by the City Attorney.

Addendum to RFP:

If it is necessary to change the scope of work or any other aspect of the RFP prior to the date of submittal, an addendum shall be issued stating the changes. Scope of work changes must allow adequate notice and mailing time. The addendum shall be issued to every vendor which received a copy of the Request for Proposals. In certain cases, the proposal opening may be postponed allowing adequate time for respondents to prepare their proposals based on scope of work changes.

Bonding and insurance: Requirements shall be set at the discretion of the department and the City Attorney in accordance with Chapter 4 of this Policy.

Submission of Bids: The City Clerk or the director of the department issuing the bid shall open all sealed bids and read them aloud in the presence of at least one (1) witness. A bid tabulation of all bids received will be made available for public inspection and retained by the City Clerk. Bids must be received prior to the specified time as established in the request. Bids received after the specified deadline must be returned to the non-responsive vendor unopened.

Evaluation of Proposals: Bids will be evaluated pursuant to the City's Competitive Purchasing Procedures. A copy of these procedures can be obtained upon request from the department issuing the bid.

Award of Bid: The selection committee designated by the City Administrator shall review the proposals and make a recommendation to Governing Body.

Negotiation: In a situation where a bid is not required in the Request for Proposals, negotiation with the highest qualified vendor shall be undertaken to obtain a contract incorporating the scope of Services, method of contracting, price and terms and conditions determined to be fair and reasonable to the City. Department Directors should consult with the City Attorney prior to negotiation or utilize the City Attorney for contract negotiation. If negotiations with the most qualified vendor are not successful, negotiations with the second most qualified vendor shall then be undertaken and so on until a contract is successfully negotiated with a qualified vendor.

Alternative Process: The Governing Body may develop any method of procuring the construction, or reconstruction, of any public facility, that it deems to be in the best interests of the City, to include:

- The Governing Body may elect to have direct negotiations with a prospective provider including negotiations with the lowest and best responsible bidder if all bids exceed the estimate.
- Selection of a provider from a request for qualifications.
- A design/build process, as determined by the Governing Body; or
- Any other integrated comprehensive project design and/or construction process.

State Sales Tax Requirements: When applicable, the City may furnish a sales tax exemption certificate number as supplied by the Kansas Department of Revenue. The successful bidder (contractor) shall be required to comply with K.S.A. § 79-3606, as amended.

2.05 SOLE SOURCE PROCUREMENT

A. Authority: Exemption from competitive procurement is permitted when a written determination has been made by an officer or Department Head and approved by the City Administrator that there is only one source practicably or reasonably available to provide a supply or service, or professional services.

B. Sole Source Criteria: The following are the criteria used for determining eligibility for sole source procurement:

1. The vendor is the original equipment or software provider and required parts, equipment, or software are unavailable from another vendor.
2. Incompatibility or non-conformity with City owned equipment, materials, software, or expertise would require the expenditure of additional funds.
3. The vendor provides a unique supply or service, and no similar supply or service is available or suitable.

SECTION 3: AGREEMENTS

3.01 PRICE AGREEMENTS

- A. Purpose:** Price Agreements are agreements established with vendors to allow individual purchases by the City throughout the year without repeating the competitive bidding process each time a purchase is made. Price agreements take advantage of volume discounting based on the annual estimated quantities purchased. Price agreements also reduce paperwork, therefore expediting service and reducing purchasing costs.

Price Agreements do not commit the City to purchase any supply or service from the vendor. They are issued to advise the vendor of the supply and/or service the City may require, establish terms and pricing where applicable, establish dollar limits, either per order or time period, establish personnel authorized to make purchases against these price agreements and outline the ordering, receiving and invoicing procedure.

3.02 COOPERATIVE AGREEMENTS

- A. General:** Cooperative procurement is a process by which two or more governmental jurisdictions join together to purchase supplies or services from the same vendor. This form of purchasing has the benefits of reducing administrative costs, eliminating duplication of effort, lowering prices, sharing information, and taking advantage of expertise and information that may be available in only one of the jurisdictions. Examples of cooperative agreements can be as simple as two jurisdictions agreeing to jointly fund a road improvement project and as sophisticated as the Mid-America Regional Council's Kansas City Regional Purchasing Cooperative.
- B. Authority:** Departments are authorized to participate in, sponsor, conduct or administer a cooperative agreement with one or more other public or non-profit entities as long as the source selection practices of the cooperative agreement conform to the City's source selection methods detailed in Section 2 of this policy. Purchases through cooperative agreements must be approved for payment consistent with approval authority provisions set forth under Section 1.01 C, Purchasing Authority, of this policy.

3.03 GOVERNMENT CONTRACTS

- A. General:** Other government agencies perform bids on supplies and services similar to the City. Many vendors will extend the same terms and pricing to other governments. This form of purchasing has the benefits of reducing administrative costs, eliminating duplication of effort, lowering prices, sharing information, and taking advantage of expertise and information that may be available in only one of the jurisdictions.
- B. Authority:** Department directors are authorized to utilize other government contracts, other local governments, State and Federal pricing as long as the source

selection practices of the agency are in conformance with the City's purchasing policies and source selection methods detailed in Section 2 of this policy.

- C. Review and Authorization of Agreements:** All contracts, including those based upon underlying agreements based upon other governmental or intergovernmental cooperative contracts must be reviewed and approved by the City Attorney prior to their execution; provided that, emergency agreements may be adopted, if necessary, based upon verbal description and general authorization by the City Attorney; further provided that, notwithstanding any provision above, the City Council may adopt and authorize the Mayor to execute a contract without the review and approval of the City Attorney, Finance Department, and/or City Administrator – although legal review is always recommended.

SECTION 4: BONDS AND CONTRACT CLAUSES

4.01 BID SECURITY

A. Performance and Payment Bonds

1. When a contract is awarded, the following bonds or security shall be delivered to the City in all cases required by State statute, Municipal Code, or City ordinance, and if the City Administrator deems appropriate on those contracts not required by state statute and shall become binding on the parties upon execution of the contract:
 - a. Performance Bond: A performance bond satisfactory to the City, executed by a surety company authorized to do business in Kansas or otherwise secured in a manner satisfactory to the City for the performance of the work provided for in the contract, in an amount equal to 100% of the price specified in the contract; and
 - b. Payment Bond: A payment bond to the State of Kansas satisfactory to the City, executed by a surety company authorized to do business in Kansas or otherwise secured in a manner satisfactory to the City, for the protection of all persons supplying labor, materials, equipment or supplies to the contractor or its subcontractors for the performance of the work provided for in the contract. The bond shall be in an amount equal to 100% of the price specified in the contract and shall otherwise comply with the requirements of K.S.A. 60-1111.

Authority to Require Additional Bonds: Nothing in this section shall be construed to limit the authority of the City to require other security in addition to the bonds mentioned, or in circumstances other than specified in Subsection (1) of this Section.

4.02 CONTRACT CLAUSES AND THEIR ADMINISTRATION

- A. Modification of Required Clauses:** The City Attorney may vary the contract clauses for inclusion in any particular contract at the request of City officials.
- B. Term of Ongoing Professional Services Contracts:** The term of professional services contracts of an ongoing nature shall be determined by the City Administrator, Mayor, City Attorney, or Governing Body, depending upon the nature and form of the contract.

SECTION 5: CHANGE ORDER LIMITS AND AUTHORIZATION

5.01 CHANGE ORDER INCREASE AND APPROVAL

- A. Change Order Approval by Governing Body:** A change order increase must be approved by the Governing Body if the change:
1. Alters the scope of the project; or
 2. Is \$50,000 or 10% more than an original or amended base contract, whichever is greater.
- B. Change Order Authorization for City Administrator**
1. The City Administrator or his/her designee is authorized to approve change orders less than \$50,000 or 10% above the original or amended base contract, whichever is less.
 2. The City Administrator may exceed the above thresholds when the project schedule would be significantly negatively impacted by a delay in consideration of the change order or when it is the best interest of the City; subject to subject to ratification by the Governing Body at next regularly scheduled meeting of the Governing Body.
- C. Per Unit Change Orders:** When a contract originally approved by the Governing Body is based on unit cost (e.g., mill and overlay) a final change order must be presented to the Governing Body at the end of the contract if there is an increase or decrease in the base contract amount.

SECTION 6: EXEMPTIONS FROM POLICY

The City will exempt from the competitive procurement process such purchases and expenditures of City funds that are not readily adaptable to the competitive procurement and

purchase order processes. These purchases are exempt from the provisions of the Purchasing Policy due to express statutory or legislative provisions that govern acquisition of those particular goods or services or due to reasons deemed appropriate by the Governing Body. All exemptions from the City purchasing policy must be approved by the Governing Body, unless otherwise exempt pursuant to these policies or by Kansas statute now or hereinafter enacted.

SECTION 7: EXECPTIONS TO COMPETITION

The City may waive the competitive process and authorize an exception to competition for certain situations and circumstances that do not lend themselves to the competitive process or where competition may not be available.

All exceptions to competition must be specifically authorized and approved – by the City Administrator if the procurement is less than \$50,000.00, or by the City Council if procurement is \$50,000.00 or more.

SECTION 8: TAX CLEARANCE

The City will require a tax clearance letter from any bidder/respondent offered a contract award/renewal or purchase order through the RFP process. Such bidder/respondent must provide a tax clearance certificate for the Johnson or Miami City before contract/renewal/purchase order is issued.

A. “Tax Clearance Letter” means any written communication from an authorized official of a Local Government that states the Contractor has paid all taxes due and owing to the Local Government.

(1) A Tax Clearance Letter issued by a Local Government shall be valid for one year from the date of issuance.

(2) Any tax liability which is currently being protested through a Local Government’s recognized legal process shall not be considered an unpaid tax liability as part of this effort and the Local Government may issue a Tax Clearance Letter to the Contractor.

(3) “Taxes” shall include, but are not limited to real property taxes, personal property taxes, sales and use taxes, earnings and profits taxes, business license taxes, withholdings taxes, or other debts that are regularly referred to as a “tax” by the Local Government.

(4) . A tax clearance letter shall be provided by the successful bidder/respondent to ensure compliance. The tax clearance letters must be submitted to the City within ten (10) working days of the time said firm is notified they are the top ranked respondent or lowest, responsive, responsible bidder and dated not more than 60 days prior to any notice of intent to contract by the City. Tax clearance letters shall be submitted to the Finance Director.

The City of Spring Hill reserves the right to waive the tax clearance requirement in the event of an emergency procurement, as defined in Purchasing Policy Section 1.04, Exceptions to Competition or other extenuating circumstances

which could negatively impact the health, safety or well-being of taxpayers or City services, as defined by the City Administrator.

SECTION 9: FEDERAL REQUIREMENTS AND STATE STATUTES

9.01 COMPLIANCE WITH FEDERAL REQUIREMENTS AND STATE STATUTES

- A. Federal Law and Authorized Regulation Compliance:** Where a purchase involves the expenditure of federal assistance or contract funds, the Department Director in consultation with the Finance Director and City Attorney shall comply with such federal law and authorized regulations which are mandatorily applicable, and which are not reflected in this Policy.
- B. City Purchasing Practices Subordinate to State Statutes:** Except as exempted by charter ordinance of the Governing Body, the provisions of this policy are subordinate to any state statutes governing City purchasing practices. In addition to state statutes cited elsewhere in this policy, the following state statutes should be checked for applicability:
- a) K.S.A. 79-1008 et. seq. - Collection of taxes from non-resident contractors.
 - b) K.S.A. 75-3740a - Contracts for purchases with nonresident bidders.
 - c) K.S.A. 16-113 - Appointment of process agent by nonresident contractor.
 - e) K.S.A. 68-572 - Intergovernmental agreements for road construction and maintenance, county, city, and township.
 - f) K.S.A. 12-2904 et. seq. – Provisions required for interlocal agreements by public agencies.
 - g) K.S.A. 12-2908 – Certain agreements between cities, counties, or townships not regarded as interlocal agreements.
 - h) K.S.A. 44-1010 et. seq. – Mandatory provisions of the Kansas Act Against Discrimination required for certain agreements.
 - i) Chapter 16 of Kansas Statutes Annotated – Provisions required for certain public construction contracts.
 - j) Chapter 60 of Kansas Statutes Annotated – Statutory bond requirements for certain public improvement contracts.
 - k) K.S.A. 12-10a06 Powers and duties of Mayor; vetoes; overriding

SECTION 10: DISPOSAL OF SURPLUS PROPERTY

10.01 GUIDELINES FOR DISPOSAL OF PROPERTY

- A.** With City Administrator approval, department directors may transfer, sell, exchange, or destroy any surplus, or abandoned, property without competitive bidding if such

property has a value believed to be \$25,000 or less. Confiscated property shall be disposed of pursuant to order of a court of competent jurisdiction.

- B.** Disposal of confiscated property is governed by Statute and requires and pursuant to an order from the Court.
- C:** No property shall be sold without receiving competitive bids if the value is believed to be greater than \$25,000.
- D.** Departments disposing of surplus property shall work with the finance department to collect sales tax on the sale, as appropriate.
- E.** This policy does not address disposal of real estate due to the complex nature and legal requirements of this type of transaction. Departments should consult the City Administrator and City Attorney prior to initiating disposal of real estate.
- F.** The Finance Department and Human Resources Director must be advised of the disposition of all items and forwarded all required documentation.

10.02 METHODS OF DISPOSITION

- A.** The following are the methods of disposition that may be used for surplus, abandoned, or confiscated items.
 - 1.** Transfer: Transferring property between departments should be the selected method when it is in the best interest of the City.
 - 2.** Auctions: The City may contract with an auctioning service or auction via on-line internet service to sell items to the highest bidder.
 - 3.** Sealed Bids: The department may determine that items shall be sold at sealed bid sale. Public Notice of the sale is made, and solicitations are issued to prospective bidders.
 - 4.** Trade Associations and other local governments. Specialized equipment may be posted to professional associations or other local governments and sold at the highest price possible without requiring Governing Body approval. This should only be utilized for equipment or property which cannot be sold to the general public such as police vehicles.
 - 5.** Commercial Markets: The department may determine that items may be offered for sale by consignment to established commercial markets. Candidates for this method of sale include antiques, art, and specialized equipment.
 - 6.** Sale of Scrap: Many items that are no longer usable may have a residual value. The department may arrange for the sale of scrap items.
 - 7.** Posted Prices: From time to time, where there is no regular market and demand is erratic, an item may be marked with a pre-established price and sold to the public on a first-come basis.

8. Trade-in: The department may determine that it is advantageous to the City to seek bids on replacement items with the Vendors allowing/offering trade allowances. Award may be made in the manner that is most advantageous to the City.
 9. Cannibalization: Disassembling an item to use its components for repair or maintenance of a similar item is authorized only if cannibalization is expected to create greater value than disposal or trade-in of the item.
 10. Donation: Donation of items believed to have a value of more than \$10,000 must be approved by the Governing Body. Donation of items believed to have a value of \$10,000 or less shall be approved by the City Administrator.
- B. Surplus property with a monetary value of less than \$250 may be destroyed or disposed as trash. Care shall be taken to destroy or dispose of items regarding environmental impact and cost.

10.03 ALLOCATION OF PROCEEDS

All proceeds resulting from the sale of surplus, abandoned, or confiscated property shall be deposited in the General Fund per statute, unless a specific fund is otherwise specified by statute.

10.04 TERMS AND CONDITIONS OF SALE

Depending on the nature of the items and the method of sale selected, the following terms and conditions shall be used:

1. Prospective buyers will be allowed time prior to the sale to inspect items.
2. No warranty or guarantee of any kind is given by the City. All items are offered for sale "as is", "where at", and "without recourse".
3. The successful bidder will be required at their own risk and expense to remove any items bid upon within the time specified in the bid document. Receipt of each unit must be signed by the purchaser or their duly authorized agent at the time the item is removed. Any item not called for or left behind will be considered abandoned, and the City has the right to dispose of same in any manner whatsoever.
4. In some instances, minimum prices will be established. In such cases, items will not be sold below that minimum price. The City reserves the right to accept or reject any or all bids.

10.05 SALES TO EMPLOYEES

Employees of the City may not purchase items unless the sale is to the highest bidder at a public or on-line auction, or by sealed bid after appropriate notification of the sale.

10.06 DISPOSAL OF GRANT FUNDED EQUIPMENT

When equipment was purchased using funds from state or federal grant funds, the provisions of the grant must be followed during disposal. It is the disposing department's

responsibility to assure that grant provisions are followed. If required by grant requirements, proceeds from disposal shall be returned to the grant-funding agency or department. The City's Property Management Policy shall be followed.

SECTION 11: TERMS AND DEFINITIONS

11.01 TERMS AND DEFINITIONS

The words defined in this section shall have the meanings set forth below whenever they appear in this policy:

Bid: An offer, as a price, whether for payment or acceptance. A bid can either be an offer to the City by a vendor or a buyer.

Bidder: A person or firm responding to a City request for bids.

Price Agreement: A contract outlining the specific price for supplies or services for a specified period of time.

Change Order: A written document to make changes to an existing contract and/or purchase order.

Check Request: A document that may be used to authorize payment to a vendor when no receipt is available.

City: City of Spring Hill, Kansas.

Claims Voucher: The paper or electronic document utilized to request the payment for supplies or services when an invoice is not available.

Contract: All types of City agreements, including grants and purchase orders for the purchase or disposal of supplies and services including constructed or manufactured.

Contractor: Any person having a contract with the City.

Cooperative Agreement: An agreement with another government entity, or a cooperative formed by multiple government entities, that establishes a contract for particular supplies or services for a definite period of time at a set price.

Emergency Purchases: Purchasing of supplies or services, where the urgency of need does not permit the utilization of normal competitive selection methods.

Employee: An individual paid wages for his or her work or paid a salary by the City for the performance of his or her duties.

Governing Body: The Mayor and City Council members of the City of Spring Hill.

Invitation for Bids: All documents, whether attached or incorporated by reference, utilized for soliciting bids.

Lease: A contract for the rental of real or personal property for a specified period of time.

Local Preference: The discretion of the Governing Body to award contracts for supplies, materials, and equipment to a local business.

Procurement: The process of obtaining goods or services.

Professional Services: Services where technical expertise or knowledge of a specialized field is critical to the performance of that service. Professional services are generally associated with the following disciplines: (a) architect, engineer and land surveying services; (b) appraisal services; (c) financial, accounting and auditing services; (d) legal services; (e) consulting services; (f) health care services; (g) insurance services; (h) information technology and knowledge collection and storage consulting and programming services; (i) specialized testing and inspection services; and, (j) photographic, art or marketing services;

Proposal: A written offer or bid containing price and other terms made by a vendor.

Public Notice: The placement of a notice in officially designated newspaper(s) of the City. This may include posting on auction of websites for disposal of surplus property.

Purchasing Card: A credit card payable from City accounts issued to an employee for the purpose of procuring City related supplies and services.

Real Property: Any interest in land, of any sort, including leases, purchases, liens, guarantees, and the like.

Request for Proposal (RFP): A publicly advertised request to prospective vendors for a solution to the requested service, supplies, materials or equipment with negotiated pricing and terms and conditions. A solicitation document that is used for negotiated procurements.

Request for Information (RFI): A formal process for gathering information from potential suppliers of a good or service. RFIs are intended to be written by customers and sent to potential suppliers. The purpose of an RFI is to resolve information gaps, eliminate ambiguities.

Responsible Bidder: A person or firm who has the capability in all respects to perform fully the contract requirements.

Responsive Bidder: A vendor who has submitted a bid that conforms in all material respects to the Invitation for Bid.

Services: The furnishing of labor, time, or effort by a contractor, not involving the delivery of a specific end product other than reports which are merely incidental to the required performance.

Specification: Any description of the physical or functional characteristics, or of the nature of a supply or service item. It may include a description of any requirement for inspecting, testing, or preparing a supply or service for delivery.

Supplies: All personal property, including but not limited to equipment, materials, printing, and insurance, excluding land or a permanent interest in land.

Surplus: Any supplies, equipment or property no longer having any use to the City. This includes obsolete supplies, scrap materials, and nonexpendable supplies that have completed their useful life cycle.

Vendor: A seller of supplies or services.

Volunteer: Any non-compensated individual performing personal services for the City entirely at his or her own personal choice, without mandate or recompense.