

**AGENDA**  
**Finance Committee**  
**February 4, 2020 6:00p.m.**  
**City Hall Council Chambers**

Roll Call

Approval of the prior meeting Minutes

**DISCUSSION ITEMS**

- 1) General Discussion of proposed changes to the City Purchasing Policy
- 2) General Discussion of proposed change to Budget Policy

Adjournment

## **Purchasing Policy Revisions Summary**

The following are revisions made to the current purchasing policy for review. It is the belief of staff these changes will expedite operations of the City, without requiring as many delays for approved purchases in the budget. These changes also still provide good controls to ensure the budget, bidding and purchasing processes are maintained in a fair and competitive manner.

### **Purchasing Policy Dollar Matrix**

There is one major addition to this policy at the end and that is the Purchasing Policy Dollar Matrix, which clearly outlines what dollar thresholds require what type of bidding and also it outlines the purchasing approval limit of positions within the City Staff.

### **Section 1.8**

This section has been re-worded to exclude the requirement of an affidavit and restates as a conflict of interest statement in writing is required. It has been added that the Director of Finance has the authority to refuse or terminate any contract at any time if a vendor is known by the City Staff to not meet the condition stated in the conflict of interest statement listed.

### **Section 2.1**

Bullet Point 2: the limit of \$2,500 or 5% of any item exceeding the budgeted amount is changed to \$2,500 or 10%.

All Bullet points in this section that reference dollar limits of individual positions are changed to reflect what is stated in the Purchasing Policy Dollar Matrix at the end of this policy.

### **Section 2.2**

Bullet Point 3: The wording is changed from connection fees for the ALERT II system, to radio connection fees. This is to facilitate any title changes to the Public Safety radio system in the future as well as allowing other departments to be approved under the same system.

### **Section 3.6**

The wording in this section is changed from City Administrator's weekly report, to the City Administrator's regular report to the Board of Aldermen.

SUBJECT	ISSUED BY	EFFECTIVE DATE	REVISION DATE
Purchasing Policy	PROPOSED	PROPOSED 2020	1-30-2020

## SECTION 1: GENERAL PROVISIONS

### 1.1 **Introduction**

This Purchasing Manual, as established by the City Administrator and approved by the Board of Aldermen, shall provide one complete source of purchasing policy, authority, and procedures. All contracts for the purchase or lease of supplies, materials, equipment, or services, shall be accomplished through the office of Finance. It shall be the intent of this policy that, whenever practicable, contracts and purchases shall be let to the lowest and best bidder after due opportunity for competition. Employees of the City of Raytown shall be required to familiarize themselves with the requirements set forth and shall adhere to these rules, regulations and procedures under all normal circumstances. However, it is recognized that exceptions appear from time to time, and organizational needs change; thus, the City Administrator is prepared to offer clarifications, assistance, special handling, and amendments within proper authority.

### 1.2 **Purpose**

The purpose of this Purchasing Manual is to provide for the fair and equitable treatment of all persons involved in public purchasing by the City, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

### 1.3 **Initial Delegation of Authority by Board of Aldermen**

In addition to any powers and duties conferred by this policy or by law, the Director of Finance shall have the following powers and duties:

- The Director of Finance shall promulgate rules and regulations necessary to insure the operation and intent of this policy. Any such rules and regulations shall be approved as to form by the City Attorney and shall be effective ten days after written approval by the City Administrator;
- The Director of Finance shall promulgate such rules and regulations as are necessary to insure the proper operation and accounting of City departmental petty cash funds, procurement cards, and travel regulations;

- The Director of Finance may recommend that the Board of Aldermen declare, as irresponsible bidders, those vendors who default on their quotations, and to disqualify them from receiving any business from the City for a stated period of time;
- The Director of Finance shall maintain a bidders' and suppliers' list which shall list all persons, firms and corporations which have applied for that listing by annually requesting that information from the various departments within the City;
- The Director of Finance may transfer any surplus, obsolete, or unused supplies, materials, or equipment from one office, department, or agency of the City to another on the written approval of the heads of the offices, departments, or agencies concerned, and on the written approval of the City Administrator.

1.4 **Purchases Contrary to this Policy**

Except as provided in the policy, no City officer or employee shall have the authority to make any purchase, lease, or contract within the purview of this policy other than through the Director of Finance. The City shall not be bound by any purchase, lease, or contract made contrary to the provisions of this policy.

1.5 **Taxes and Fees Clearance Required**

No person, firm, or corporation, resident in Raytown, or otherwise legally within the taxing jurisdiction of the City, shall be eligible to provide any goods, contractual services, or anything covered by this policy, unless that person, firm, or corporation is properly licensed by the City and is duly listed and assessed on the County tax rolls and is in no way delinquent on any taxes payable to the City, nor any other fees or charges being owed to the City.

1.6 **Director to Determine Eligibility**

Where any individual, firm, or corporation is a resident of Raytown, or where it otherwise appears that the firm is legally within the taxing jurisdiction of the City, and has made an offer, bid, or quotation for any City purchase, the Director of Finance shall cause a search to be made of the County tax rolls, and the City's delinquent fees and charges listings to determine the eligibility of that person, firm, or corporation.

1.7 **Lowest Bidder Ineligible, Procedure**

When the apparent lowest and best bidder for a given purchase order is ineligible under this policy, the Director of Finance or his/her designee may, when time is not of the essence to the City, notify the bidder and allow three (3) days for the bidder to correct the deficiency or pay any delinquency involved. If the bidder fails, after the notice to comply within three (3) days after such notice, or, if the director deems time to be of the essence, the director shall proceed as though the lowest and best bidder who is eligible under this section had entered the lowest and best bid.

1.8 **Conflict of Interest Requirements of Vendors**

No contract shall be let to any person, firm, or corporation unless it has stated to the to the City in writing that no officer or employee of the City, whether elected or appointed, shall in any manner whatsoever be interested in or receive any benefit from the profits or emoluments of any contract, job, work, or service for the City. Also, the Director of Finance has the authority to refuse or terminate any contract at any time if a vendor is known to not meet the condition stated above.

1.9 **Vendor Drafting Bid Specifications, Disqualification**

No contract shall be awarded to any person, firm, or corporation, which has, for any valuable consideration, provided any services in connection with the development of the contract's bid specifications, unless upon recommendation of the Director of Finance and a finding by the Board of Aldermen that such award is in the City's best interests.

## **SECTION 2: EXCEPTIONS TO COMPETITIVE BID PROCESS**

2.1 **Competitive Bids Not Required, Circumstances**

Staff may accomplish the following purchases without competitive bidding, and without prior Board approval except as specifically provided in this section. In accomplishing such purchases, the director shall be guided to the extent practicable by the policies set out in sections 1.1 and 4.5 of this policy:

- Individual departments may procure items or services \$3,000 or less by seeking a source of supply and issuing a purchase order within approved budgeted limits and in accordance with the provisions of this policy or applicable State law;
- Any planned expenditure approved in the annual budget that exceeds \$2,500 or 10% (whichever is higher) of the original budgeted amount must be approved by the Board of Aldermen before the purchase is made.
- Outside legal services need not be bid, but must be approved by the Board of Aldermen during the budget process;
- Department Heads shall solicit three telephone bids, or utilize an existing governmental contract, or submit in writing a sole-source justification to the Finance Director any procurement request for items or services greater than \$3,000 and up to \$15,000 as outlined in section 3 of this policy;
- Department Heads shall solicit three written bids, or utilize an existing governmental contract, or submit in writing a sole-source justification to the City Administrator any procurement request for items or services that fall within the City Administrator's purchasing limit as stated in the Purchasing Policy Dollar Matrix.

- Competitive bidding shall not be required when the items to be purchased can be obtained from only one source. Before a purchase is made pursuant to this exception that has a purchase price of over the City Administrator's Approval Limit as described in the Purchasing Policy Dollar Matrix, the Director of Finance shall submit said purchase to the Board of Aldermen for approval and the purchase shall only be effective upon Board approval. In the recommendation to the Board, the director of the department requesting the sole-source exception shall set out the reason for the decision not to seek competitive bids;
- Competitive bidding shall not be required when the items to be purchased can be obtained from another government, at a price below that quoted by a private vendor. Before a purchase is made pursuant to this exception that has a purchase price of over the City Administrator's Approval Limit as described in the Purchasing Policy Dollar Matrix, the Director of Finance shall submit said purchase to the Board of Aldermen for approval and the purchase shall only be effective upon board approval. In the recommendation to the Aldermen, the director of the department requesting the intergovernmental exception shall set out the reason for the decision not to seek competitive bids. Further rules and regulations can be found in section 7 of this policy;
- Competitive bidding shall not be required when the City Administrator has declared, in writing, the purchase to be an emergency. Purchases in excess of fifteen thousand dollars (\$15,000) made under the provisions of this exception shall be reported to the Board of Aldermen at its next regularly scheduled meeting. Further rules and regulations can be found in section 6 of this policy;
- Competitive bidding shall not be required when the items purchased are the subject of existing and current federal, state, or local government fixed price contractual documents, if the prices quoted in those documents are more advantageous to the City than local market prices for like items. Before a purchase is made pursuant to this exception that has a purchase price in excess of the City Administrator's Approval Limit as described in the Purchasing Policy Dollar Matrix, the Director of Finance shall submit the purchase to the Board of Aldermen for approval and the purchase shall only be effective upon board approval. In the recommendation to the Aldermen, the director of the department requesting the exception shall set out the reason for decision not to seek competitive bids;
- Cumulative purchases of the same or similar products or services from one vendor in an amount in excess of three thousand dollars (\$3,000) in any one-year period shall utilize the informal competitive bid procedure set out in section 3 of this policy;
- Competitive bidding shall not be required when the items to be purchased are proprietary goods not available in a competitive market, provided that such goods are purchased for resale in a facility or service operated by the City. Proprietary goods are defined as goods manufactured under an exclusive individual/corporate right to make and sell them. Before a purchase is made pursuant to this exception that has a purchase price of over the City Administrator's Approval Limit as described in the Purchasing Policy Dollar Matrix, the Director of Finance shall submit the purchase to the Board of Aldermen for approval and the purchase shall only be effective upon Board approval;

- Competitive bidding shall not be required when funds are appropriated and a contract for services is or will be awarded by resolution of the Board of Aldermen to an organization or agency that is exempt from federal income taxation.
- Any attempt to circumvent the purchasing process by issuing multiple smaller purchase orders to the same vendor will result in corrective action against the employee up to and including termination.
- Employee and Departmental purchasing authority may be removed by the City Administrator, at the recommendation of the Finance Director, for violation of the policies outlined in this document.

## 2.2 **Listing of Payments Authorized Without Following this Policy**

Upon acceptance of this Manual, the following exceptions and delegations of authority are to be implemented. The Finance Director shall be authorized to approve payments for the following:

- Payment in any amount of funds collected for other entities/other individuals, such as, but not limited to Jackson County property taxes, the IRS, Missouri Department of Revenue, and County Domestic Violence Fees;
- Utilities (gas, electric including streetlights, water, wastewater treatment, cell phones, and other utilities) in any amount;
- Payments to the City of Kansas City for radio connection fees;
- Payment of Dues or Memberships, travel arrangements or periodical subscriptions;
- Payments or reimbursements to City employees;
- Refunds of overpayment in any amount;
- Payment of invoices to obtain prompt payment discounts or to avoid late fees/charges;
- Health, Dental and Life Insurance bills or any other employee benefit related payment
- Other payroll related expenses;
- Restitution or other Court related pass through payments.
- Payments to Jackson County for budgeted election related expenses.
- Payments for fees for banking services to the contracted financial institution of the City.

## **SECTION 3: INFORMAL COMPETITIVE BID**

### 3.1 **Informal Competitive Bid Procedure**

The Director of Finance or his or her designee may use the informal competitive bid procedure described in this section for purchases of more than three thousand dollars (\$3,000) but not more than fifteen thousand dollars (\$15,000), in lieu of the procedures described in section 4 for award of formal contracts. The department must have a written formal bid for any purchase in excess of fifteen thousand dollars (\$15,000) and must have the City Administrators prior approval.

3.2 **Solicitation of Bids**

The Director of Finance or his or her designee shall solicit bids from prospective vendors by means at the director's discretion, including but not limited to: telephone, internet, media, and public notice posted on the bulletin board of City Hall.

3.3 **Three Competitive Bids**

The department requesting the bid shall obtain at least three (3) competitive bids.

3.4 **Lowest and Best Bidder**

Purchases shall be awarded to the bidder providing the best products and/or services that are available for the lowest price consistent with the standards set in section 4 of this policy.

3.5 **Records**

The director of the department requesting the bid shall keep a written or electronic record of all purchases accomplished under this section and all bids submitted in competition for those purchases, and those records shall be open to public inspection. Each such record shall describe the means by which the bid was received and any specific considerations or conditions attached to the bid and/or product or service. Copies of all awarded contracts must be sent to the City Clerk and Finance Director.

3.6 **Disclosure**

Any purchase made under this section must be disclosed in the City Administrator's regular report to the Board of Aldermen.

## **SECTION 4: FORMAL COMPETITIVE BID**

4.1 **Formal Competitive Bid Procedure**

The Director of Finance or his or her designee must use the formal competitive bid procedure described in this section for purchases of more than fifteen thousand dollars (\$15,000) for award of formal contracts.

4.2 **Formal Competitive Bids, Notice Inviting**

Notice inviting bids shall be provided in the manner and utilizing such media as the Director of Finance or his or her designee deems most appropriate to the subject matter of the bid and the applicable time line available with the objective of encouraging fair and unbiased competition. The notice shall be designed to secure a reasonable distribution and a competitive bidding process and may include direct mail, electronic mail, on line listing services, newspaper advertisements, and/or such other means, as the director may deem appropriate. In addition to any other solicitation, notices posted on public bulletin boards in City Hall shall also advertise all purchases, leases, or sales.

#### 4.2.1 **Notice of Solicitation, Content, Timing**

The notice inviting competitive bids shall be distributed and/or posted at least ten (10) business days preceding the last day for receipt of bids or proposals and shall include a general description of the products or services to be leased or purchased and state where bid forms and specifications may be obtained and the time and place for submission and opening of bids.

#### 4.3 **Bid Security Deposits or Surety Bid Bonds**

When deemed necessary by the Director of Finance, bid security deposits or surety bid bonds, or both, shall be prescribed in the notice of invitation for bids.

##### 4.3.1 **Returned Bid Security Deposit**

An unsuccessful bidder who stands ready to perform according to the terms of its bid shall be entitled to the return of its bid surety deposit.

##### 4.3.2 **Enforcement of Surety Bid Bond**

The City shall seek enforcement of a surety bid bond according to its terms.

##### 4.3.3 **Surety Bid Bonds, Listed in Federal Register**

All surety bid bonds must be with companies listed in the Department of the Treasury, Federal Register as surety companies acceptable on federal bonds.

#### 4.4 **Performance, Labor, and Material Payment Bonds**

Where the nature of the contract is such that the Director of Finance deems a performance bond necessary, or where the contract is for public works and requires compliance with section 107.170 RSMo, the notice of invitation for bids shall specify the amount of bond that is required. The notice shall also specify that any bid submitted pursuant to said solicitation would be presumed to include the cost of the required bond.

##### 4.4.1 **Surety Performance Bond, Listing in Federal Register**

All surety performance bonds and surety labor and material bonds must be with companies listed in the Department of the Treasury, Federal Register, as surety companies acceptable on federal bonds.

#### 4.5 **Procedure for Receiving and Opening Bids**

The following applies to bids submitted under the formal competitive bid procedure:

#### 4.5.1 **Sealed and Identified**

All bids shall be submitted in a sealed envelope to the City Clerk and shall be identified as bids on the envelope.

#### 4.5.2 **Bid Opening**

Bids shall be opened and read aloud publicly by the Director of Finance or his or her duly authorized representative in the presence of the Clerk of the City or the duly authorized representative of the clerk in the City Hall, in the particular room and on the day and at the time stated in the public notices, except that bids for construction projects undertaken pursuant to this policy may, upon proper notice, be opened in the office of the Director of Public Works.

#### 4.5.3 **Bids Recorded**

The Clerk of the City, or his or her duly authorized representative, shall record in writing the bids opened and read by the Director of Finance, or his or her duly authorized representative.

#### 4.5.4 **Bid Evaluation and Recommendations**

The Director of Finance, or his or her duly authorized representative shall evaluate the bids submitted and refer his or her recommendations to the appropriate department head, who shall within the shortest practicable time, confirm the recommended award or submit objections and suggestions to the Director of Finance. Such objections and suggestions shall include specific reference to the manner in which the department head believes an alternate bid complies with the provisions of section 4.5.7 of this policy.

#### 4.5.5 **Rejection of Bids**

The Director of Finance shall have the authority to reject, as often as he or she deems necessary, all bids, parts of all bids or all bids for any one or more supplies or contractual services included in the proposed contract, for failure to comply with the requirements of the invitation for bids or when the public interest will be served thereby, and require the solicitation of new bids.

#### 4.5.6 **Recommended Award of Bid**

The Director of Finance shall recommend to the Board of Aldermen the award of the contract to the lowest and best bidder, unless all bids have been rejected as authorized in section 4.5.5 of this policy.

4.5.7 **Factors Which Shall Be Considered When Determining Lowest and Best Bidder**

The following factors shall be considered in determining the bidder that provides the best products and/or services that are available for the lowest price:

a. Cost and Future Maintenance

The point of purchase cost of the product or service, the anticipated cost of maintenance or service (including applicable warranties), the ability of the bidder to provide future maintenance and service, the longevity of the product or service, and the cost of disposal;

b. Ability to Perform

The ability, capacity, skill, or financial resources of the bidder to perform the contract or provide the service required;

c. Timely Performance

Whether the bidder can perform the contract or provide the service promptly or within the time specified without delay or interference;

d. Character and Reputation

The character, integrity, reputation, judgment, experience, and efficiency of the bidder;

e. Quality of Prior Performance

The quality of the bidder's performance of previous contracts or services;

f. Compliance With Laws

The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;

g. Quality and Availability

The quality, availability, and adaptability of the supplies or contractual services to the particular use required;

h. Conditions on Bid

The number and scope of conditions attached to the bid;

i. Compliance With Bid Specifications

Whether the bid as submitted fully complies with the minimum requirements of the bid specifications;

j. Social Responsibility

The socially responsible nature of the product or service that shall include, but is not limited to, products or services that create meaningful work, encourage diversity; include women-owned and minority-owned enterprises, provide fair wages, or otherwise promote social equity.

k. Local Preference

A bidder domiciled in Raytown or whose products and services were manufactured, created, or have points of origin within Raytown will be given a preference and a local bidder (a business in close proximity to Raytown) will be given a secondary preference, when all other considerations are equal and the bidder is compliant with all provisions of this policy.

4.5.8 **Analysis When Service Contracts Are Bids**

Notwithstanding any other provision of this chapter, when a contract for services is to be awarded under the competitive bidding provisions of this chapter the Director of Finance, or his or her duly authorized representative shall perform an analysis of the respective bids submitted and shall submit such analysis to the Board of Aldermen for their consideration.

4.6 **Construction Projects, Bid Process**

Except as otherwise provided by law, the Director of Public Works shall solicit bids and let contracts for construction projects in the same manner as the Director of Finance and solicit bids and let contracts on other City purchases, all of which shall seek the best products and/or services that are available for the lowest price.

4.7 **Construction Projects – Requirements to Bid, Wages and Benefits – Certain Employers**

As a condition of eligibility to bid for or perform work on any construction project funded in whole or in part by the City, producers or suppliers of sand, rock, asphalt, and/or concrete must regularly pay their production and delivery employees no less than the prevailing rate of wages as defined by or determined under state law.

4.8 **Acquisition of Interests in Real Property for Roads**

In connection with the acquisition of any interest in real property required for a road or bridge project, the Director of Public Works is authorized to accept, on behalf of the City, any conveyance of permanent right-of-way, a temporary or permanent easement of any kind or nature, and/or a right-of-entry, and to record in the office of the Recorder of Deeds a suitable conveyance instrument documenting said acceptance. The Director of Public Works is further authorized, subject to the availability of budgeted funds, to expend up to \$5,000.00 per landowner per project for any interest in real property so acquired.

4.8.1 **Notice to Board of Aldermen**

Before any interest in real property is accepted by the Director of Public Works, the Director shall give the members of the Board of Aldermen five (5) working days' written notice of the proposed transfer.

4.8.2 **Contents of Notice**

The notice shall set forth the proposed conveyance, the project involved, any time deadlines, and the recommended expenditure for the acquisition of the interest in real property.

4.8.3 **Time for Aldermen to Respond**

If the Director of Public Works has not received written objection by three (3) or more members of the Board of Aldermen to the proposed conveyance within the period of five (5) working days, the director may proceed to accept the conveyance as indicated in the notice.

4.8.4 **Board Objects**

If the Director of Public Works receives written objections by three (3) or more members of the Board of Aldermen within the period of five (5) working days, the director shall not accept the conveyance but shall submit his recommendation for Board approval at the next scheduled Board meeting or as soon as practicable afterwards.

4.9 **Insurance Bids**

The Director of Finance shall cooperate with the City Clerk and the City Administrator in the preparation of specifications, solicitation of bids, and bid analysis on insurance if necessary. The City currently is involved with MARCIT for all insurance products.

4.10 **Authorization of Purchase**

All items listed in Section 4 of this policy, unless specifically excluded, must be authorized by the affirmative vote of a majority of the members of the Board of Aldermen.

## **SECTION 5: CONTRACTING FOR PROFESSIONAL SERVICES**

5.1 **Purpose**

These guidelines are established in order to provide assistance to City officials in selecting and contracting for professional services. The primary objective is to select the person and/or the firm with the necessary training and experience to provide the professional services needed and desired by the City. Although cost is important, professional services shall not be purchased strictly on the basis of lowest cost. Professional services need not be formally bid. The City may require the submission of a deposit when City plans/work products are required by the bidder to respond to the RFP.

## 5.2 **Applicable Disciplines**

Professional services are usually associated with the following disciplines:

- A. Financial, accounting and auditing services;
- B. Engineering services;
- C. Architectural services;
- D. Consulting services;
- E. Medical services;
- F. Data processing consulting and programming services;
- G. Testing and inspection services;
- H. Photographic, art or marketing services;
- I. Legal services.

## 5.3 **Request for Proposals**

RFP's for professional services should include:

- A. Instructions to the prospective bidders specifying when, to whom, and where proposals should be sent;
- B. A complete technical description of the problem or work task. Specify that written questions may be sent to the City. Also state whether a pre-bid conference will be held to discuss the RFP and to answer questions;
- C. An objective or statement of what is expected to be accomplished.
- D. Scope of work or task, format for the completed report, and the extent to which the City's staff will be available to the contractor;
- E. Firm or estimated schedule, including dates for commencement of performance, for submission of progress reports, and for completion of task;
- F. Selection criteria;
- G. Standard contract terms and conditions;
- H. Understanding for compensation for additional work authorized.

### 5.3.1 **Selection Criteria**

Specify the following criteria:

- A. Experience on similar projects including references of former clients;
- B. Qualification of person(s) proposed to work on the project (require professional resumes.);
- C. Ability to meet work schedule;
- D. Completeness of project approach;
- E. Samples of work representing product quality;
- F. Sensitivity to community involvement;
- G. Additional services and skills available;
- H. Work space requirements and/or City staff support.

### 5.3.2 **Evaluation and Award**

When appropriate, the City may interview and/or negotiate with up to four qualified persons or firms.

- A. Relative weight should be assigned to each criterion listed in the RFP based on the importance of the particular qualification;
- B. After reviewing the written proposals and interviewing prospects to ascertain the scope and type of work proposed, the City shall offer to award the contract to the vendor who would be most advantageous to the City. This normally will be the firm scoring the highest in the evaluation of proposals and the interviews;
- C. In determining which offer is the most advantageous, the City will generally take into account the following in order of importance:
  - a. The professional competence.
  - b. The technical merits.

The requirement to perform reference checks pertaining to all purchases greater than \$15,000 (\$15,000) extends to professional service contracts.

## **SECTION 6: EMERGENCY PURCHASES**

### 6.1 **Emergency Purchases**

An emergency shall be defined as a situation in which the department operations would be severely hampered or a situation in which the preservation of life and property would not be possible.

#### A. Emergencies During Normal Working Hours

When the need for an emergency purchase occurs during normal working hours, the requesting department will notify the City Administrator, or his designee, who will either give approval of the transaction or will provide alternative solutions. If approved, the requesting department will prepare the confirming purchase order as soon as operations permit. EMERGENCY will be boldly written across the purchase order.

#### B. Emergencies after normal working hours

If the emergency occurs at times other than normal working hours, the department head or authorized representative may purchase the necessary items or services directly. The purchaser must obtain a sales ticket or invoice from the vendor. The requesting department will prepare the confirming purchase order as soon as operations permit. EMERGENCY will be boldly written across the purchase order. Communication of the purchase shall be made to the City Administrator the next business day.

#### C. Emergency Purchase follow up

All reasonable effort be made by the City Administrator to inform the governing body of any emergency spending as soon as feasible. A summary of all emergency purchases by commodity and by individual purchase shall be prepared by the Department Head for submission through the Finance Director and City Administrator to the Board of Aldermen at their next Regular Meeting.

## SECTION 7: INTERGOVERNMENTAL PURCHASING

### 7.1 **Purpose**

By policy the City desires to encourage the use of pre-bid, intergovernmental purchasing. By doing so the City can obtain competitive pricing and the benefit of other jurisdictions professional purchasing services.

### 7.2 **Definitions**

Intergovernmental cooperative purchasing is an agreement under which the City, along with other governmental entities, buys under the same contract or agreement. There are two methods of participation - direct ("joint participation") and indirect ("piggyback participation").

- A. Direct participation involves a commitment to the lead agency by the City to purchase a specific quantity of a specific item from the successful bidder on the joint solicitation and contract.
- B. Piggybacking on a contract awarded by another governmental agency does not require prior commitment by the City.

#### 7.2.1 **Piggybacking**

- A. Departments are encouraged to provide Finance with cooperative contract information obtained from their respective industry organizations. The Finance Director shall notify other departments of the availability of the various cooperative agreements as they become available.
- B. The State of Missouri publishes its cooperative contracts. Information may be obtained off the Web by going to the following site:  
<http://oa.mo.gov/purch/contracts/index.htm>. This is the current location for this material; from time to time the State changes their web site addresses. If this link is no longer valid, go to <http://oa.mo.gov> for further information.

## SECTION 8: DISPOSAL OF PROPERTY

### 8.1 **Real Estate Sales**

The sale of all real estate owned by the City shall be authorized by resolution of the Board of Aldermen.

#### 8.1.1 **Real Estate to be Negotiated by City Administrator**

The City Administrator or his designee is authorized to negotiate with the entities listed below for the sale of real estate owned by the City of Raytown:

- a. The United States or any of its agencies;
- b. The State of Missouri or any of its political subdivisions or municipalities.

### 8.2 **Formal Bid Procedures for Real Estate Sales**

The Director of Finance is authorized to solicit sealed bids for the disposal of surplus city real estate in accordance with the formal bid procedures listed in section 4 of this policy.

#### 8.2.1 **Recommendation to Board of Aldermen**

The City Administrator or his designee shall recommend to the Board of Aldermen the award of the sale to the highest responsible bidder.

### 8.3 **Auctions Authorized for Real Estate Sales**

The Director of Finance may authorize the sales of surplus city real estate by auction when the Director believes that it is in the best interest of the city to do so.

#### 8.3.1 **Auction Requirements for Real Estate Sales**

The following requirements shall apply to auctions authorized by 8.3:

- a. All auctions shall be conducted on City property;
- b. Notice advertising an auction shall be published in one (1) official newspaper within the City or Jackson County with a circulation of at least five hundred (500) copies per issue at least ten (10) days preceding the date of the auction. The notice shall include a general description of the real estate to be sold, the time, location, and date of the auction and a place where additional information concerning the real estate may be obtained;
- c. The Director of Finance shall send a notice of the auction to all prospective purchasers who have requested their names be added to a list of bidders;
- d. The Director of Finance or his/her designee shall conduct auctions. The Director may contract with professional auctioneers to conduct the auction;
- e. The highest bidder at auction shall execute a real estate contract and submit a bid deposit of ten percent (10%) of the total bid award. If the bidder does not execute the contract, the bidder will lose the deposit;
- f. Bids received at an auction shall be subject to final acceptance by resolution of the Board of Aldermen. All notices and advertisements for the auction of real estate pursuant to this policy shall advise potential bidders of this limitation
- g. If the Board of Aldermen rejects the bid offered, the bidder shall be entitled to a return of the deposit.

### 8.4 **Personal Property Disposal, Cost of Less Than Five Thousand Dollars**

- a. Upon the recommendation of any department director, the Director of Finance, is authorized to dispose of any item of personal property in the custody or control of the recommending department, agency, or office, that has an original acquisition cost of less than five thousand dollars (\$5,000.00) and that has become obsolete and unusable, on terms advantageous to the City.

#### 8.4.1 **Procedures**

- a. Disposal of personal property having an original acquisition cost of less than five thousand dollars (\$5,000) shall be made in accordance with the informal bid procedure set forth in section 2, or in accordance with section 8.7, unless transferred without compensation to another governmental agency as set out in section 8.8. If sold, the property shall be sold to the highest responsible bidder.
- b. This section shall also apply to the disposal of any city-owned personal property without regard to original acquisition cost that, as a result of a casualty loss, has been declared a total loss by the city's or responsible party's casualty insurer or as determined by an estimate or appraisal prepared by a reputable, independent expert.

## 8.5 **Personal Property Disposal, Cost of More Than Five Thousand Dollars**

The Personal property having an original acquisition cost of five thousand dollars (\$5,000) or more shall be disposed of in accordance with the formal contract procedure set forth in section 4, or in accordance with section 8.7, unless sold to another governmental agency as set out in section 8.8. If sold to a person or entity other than another governmental agency, the property shall be sold to the highest responsible bidder.

### 8.2.1 **Prior Approval of the Board of Aldermen Required**

The Director of Finance shall submit a list of any property to be disposed of, having an original acquisition cost of five thousand dollars (\$5,000.00) or more, together with all factual information in clear and specific terms that supports the finding by the Director of Finance that the property is obsolete and unusable, to the Board of Aldermen for its authorization to dispose of the property.

## 8.6 **Use as Trade-Ins**

The Director of Finance may, when the interest of the city are best served, use the personal property as trade-ins on replacements and/or solicit bids in accordance with the formal contract procedure in section 4 of this policy in order to obtain the price differential most advantageous to the city.

## 8.7 **Auctions of Personal Property**

The Director of Finance may authorize the sale of city personal property by auction when the Director believes that it is in the best interest of the city to do so.

### 8.7.1 **Auctions Requirements for Disposal of Personal Property**

The following requirements shall apply to auctions authorized by Section 8.7:

- a. All auctions shall be conducted on City property, unless the Director of Finance contracts with a qualified vendor or online service to conduct the auction. In such cases, the auction may be conducted online or at a site selected by the vendor and approved by the Director of Finance;

- b. Notice advertising an auction shall be published in one (1) official newspaper within the City or Jackson County with a circulation of at least five hundred (500) copies per issue at least ten (10) days preceding the date of the auction. The notice shall include a general description of the personal property to be sold, the time, location, and date of the auction and a place where additional information concerning the personal property may be obtained;
- c. The Director of Finance shall send a notice of the auction to all prospective purchasers who have requested their names be added to a list of bidders;
- d. The Director of Finance or his/her designee shall conduct auctions. The Director may contract with professional auctioneers to conduct the auction;
- e. The highest bidder at auction shall make payment for the item(s) purchased and shall be responsible for removing the item from City property or other site immediately.

## 8.8 **Personal Property Transfer or Sale to Another Governmental Agency**

The Any personal property that has been declared obsolete and unusable as set out in Section 8.4 and 8.5 may be sold or transferred without compensation to another governmental agency as set out in this section.

### 8.8.1 **By City Administrator**

The City Administrator may sell obsolete or unusable personal property with an original acquisition cost of five thousand dollars (\$5,000.00) or more to any other governmental agency at a price based on a residual value as determined by the Director of Finance and approval from the Board of Aldermen. The City Administrator may transfer obsolete or unusable personal property with an original acquisition cost of less than five thousand dollars (\$5,000.00), or property that has been declared a total loss pursuant to section 8.4.1 (b), to any other governmental agency without compensation after giving the Board of Aldermen five (5) working days written notice of the intention to make the sale or transfer.

### 8.8.2 **By Board of Aldermen**

The Board of Aldermen may by resolution, in appropriate cases, authorize the transfer of any obsolete or unusable property to any other governmental agency without compensation, regardless of the property's original acquisition cost.

## 8.9 **Donation, Recycling, or Discarding of Personal Property**

If the director of Finance is unsuccessful in documented efforts to dispose of surplus, obsolete, or unusable city personal property under one or more of the means previously authorized by this policy, the director is authorized to dispose of such property by means of donation to any entity entitled to an exemption from federal income taxation under 26 USC 501(C)(3), or by recycling, salvaging, or discarding such property, in that order of priority, under such terms deemed by the director to be most favorable to the city.

## 8.10 **Disposition of Firearms**

Notwithstanding any other provision of this policy to the contrary, city-owned firearms that have become unusable, obsolete, or otherwise excess to the city's needs may be used as trade-ins to any authorized law enforcement dealer. Pursuant to section 8.8 of this policy and in compliance with federal and state law, the Police Department may also transfer such firearms to a government law enforcement agency, for that agency's permanent use without a right to further transfer, provided there is no benefit to the City to trade the weapons in on newer weapons. If such firearms cannot be used as a trade in, or so transferred, they must be destroyed by whatever means the Police Department deems appropriate.

## SECTION 9: ETHICS

### 9.1 Criminal Penalties

If violations of the ethical standards of conduct set forth in this Section constitute violations of the State Criminal Code they shall be punishable as provided therein.

### 9.2 General Standards of Ethical Conduct

Any attempt to realize personal gain through public employment, inconsistent with the responsible discharge of that public employment, is a breach of public trust. In order to fulfill this general prescribed standard, employees must also meet specific standards:

#### a. Employee Conflict of Interest

The conflict of interest definitions and rules are covered in the City Code.

#### b. Employees with Financial Interest - Disclosure Requirements

Any employee or public official who has or may obtain any benefit from any City contract with a business in which the employee has a financial interest, shall report such benefits to the City Administrator. Provided, however, this provision shall not apply to a contract with a business where the employee's interest in the business has been placed in an independently managed trust. Any employee or public official who knows or should have known of such benefit, and fails to report such benefit to the City, is in breach of the ethical standards of this Section.

#### c. Gratuities

It is a breach of ethical standards for any person to offer, give, or agree to give any employee/public official OR for any employee/public official to solicit, demand, accept, or agree to accept from another person, a gratuity of any value or an offer of employment in connection with any purchasing decision. Gratuities shall not mean pens, pencils, matchbooks, calendars, or other novelty items used for advertising purposes, meals or other meeting circumstances for the purpose of conducting or discussing official business.

#### d. Restriction on Employment of Present/Former Elected and Appointed City Officials

1. Contemporaneous Employment Prohibited. It shall be a breach of ethical standards for any City official who is involved in purchasing to be an employee of any party contracting with or supplying goods to the City.
2. Former Officials. It shall be a breach of ethical standards for any former City official, within one year after cessation of employment or affiliation, to be a

principal or to act as an agent for any organization that desires to solicit business from the City.

- e. Use of Confidential Information - It shall be a breach of ethical standards for any employee, former employee, public official, or former public official, knowingly to use confidential information for his personal gain, or the personal gain of any other person.
- f. Public Access to Purchasing Information and Records - All purchasing information and records are accessible and open to personal inspection to any citizen. Appointment and location may be arranged with the City Clerk.
- g. Waivers from contemporaneous Employment Prohibition and Other Conflicts of Interest.

The Board of Aldermen may grant a waiver from the employee conflict of interest provision or the contemporaneous employment provision upon making a written determination that:

1. The contemporaneous employment or financial interest of the City employee has been publicly disclosed; and
2. The City employee will be able to perform its procurement functions without actual or apparent bias or favoritism; and
3. The award will be in the best interests of the City.

### 8.3 **General Standards of Ethical Conduct for Non-employees**

- a. General Standards of Ethical Conduct for Non-employees

Any effort to influence any public employee to breach the standards of ethical conduct set forth in this Section is also a breach of ethical standards.

- b. Kickbacks - It shall be a breach of ethical standards to for a vendor to offer a fee, a commission, brokerage, percentage, or contingent fee to an employee of the City for the purpose of securing business from the City.

- c. Remedies Against Non-employees

Any person who knowingly violates or solicits the violation of any of the provisions set out in this regulation shall be barred from entering into future contracts with the City and shall be prosecuted for any violation of local, State or Federal laws that may apply.

**Purchasing Policy Dollar Matrix**

Informal Bid Process	Any purchase between \$3000 and under \$15,000 except exclusions in Section 2.
Formal Bid Process	Any Purchase \$15,000 and over except exclusions in Section 2.
Department Head Approval Limit	Purchases under \$5,000
Finance Director Approval Limit	Purchases \$5,000 to under \$15,000
City Administrator Approval Limit	Non-budgeted purchases under \$30,000; Budgeted purchases under \$50,000
Board of Aldermen	Any Purchase over the City Administrator approval level above

## **Budget Policy Revision Summary**

The Budget Policy section entitled, "Budget Transfers and Amendments", is revised to clarify that amendments to the budget use the same limits as purchasing authority listed in the purchasing policy. Using this wording creates less numbers to maintain in our policies and makes the purchasing policy the keeper of those limits.

# BUDGET/ MANAGEMENT POLICY

## Purpose

Our purpose in establishing a formal set of budget policies is to ensure that the public's trust is upheld. These policies will serve as a blueprint to achieve fiscal stability required to accomplish the City's policy goals and objectives.

## Relationship to Overall City Goals and Objectives

The City will develop a mission statement, strategic plan, and conforming goals for the successful development and maintenance of our financial management policy. The finances of the City should be the vehicle by which the goals and objectives are obtained, not driven. This philosophy will help ensure that the City remains financially viable well into the future.

In addition, the City as an institution has multiple partners including citizens, taxpayers, businesses, employees, and other governments. As a major institutional, economic and service force in the region, it is important that the City strengthen its relationships with its partners by adopting clear and comprehensive financial policies.

## Objectives

- To guide in policy decisions which have a significant fiscal impact.
- To set forth operating principles which minimize the cost of government and reduces financial risk.
- To employ balanced and fair revenue policies that provides adequate funding for desired programs.
- To maintain appropriate financial capacity for present and future needs.
- To promote sound financial management by providing accurate and timely information on financial conditions.
- To protect and enhance the City's credit rating and prevent any default on any debt.
- To ensure the legal use of financial resources through an effective system of internal controls.

- To promote cooperation with other governments and the private sector in the financing and delivery of services.

## Budget Policy

This policy complies with the Local Budget Law of Missouri as outlined in Chapter 50 RSMo, and for the preparation, recommendation, consideration, adoption, execution, and audit of Raytown's annual budget.

### **Scope:**

This policy applies to all departments, Agencies or Divisions within Raytown.

### **Guideline:**

Annually, the Board of Alderman has the authority and the responsibility to adopt the City Administrator's recommended budget approving the use of public funds for the operation of all City activities. Raytown's fiscal year runs from November first through October thirty-first.

### **Preparation:**

The City Administrator shall present a recommended budget for the Board of Alderman's consideration no later than October 1st each year.

### **Balanced Budget:**

The City Administrator shall present a balanced budget. This means that all operating expenses shall not exceed operating revenue in the recommended budget. Any one-time revenue source, such as under spending or fund balance, shall only be used for one-time expenses that do not add to the fixed operating cost.

### **Budget Transfers and Amendments:**

The Department Head is authorized to transfer up to their purchasing authority from any one line item under their control to any other line item under their control within any fiscal year. The Finance Director is authorized to transfer an amount equal to the amount of the purchasing limit listed in the purchasing policy from any one line item to any other line item that a Department Head has already exceeded, if the Finance Director deems it appropriate. The City

Administrator is authorized to transfer an amount up to his/her purchasing authority from any one line item to any other line item that the Finance Director has already exceeded if the City Administrator deems it appropriate. Any transfers exceeding the City Administrators purchasing authority must have prior authorization of the Board of Alderman. For purposes of this policy, a line item is a Fund, a Department, and an Object Code.

### **Fund Balance:**

The recommended budget was developed with the idea of creating a cash flow reserve as a designation within fund balance to begin to rebuild necessary cash flows for operations within all major funds.

### **Capital Improvement Budget and Five-Year Plan:**

The City Administrator will work with the Board of Alderman to create an initial five-year Capital Improvement Plan (CIP) to determine what the true capital needs of the City are today and into the future. The CIP shall be adequate to maintain capital assets at a level sufficient to protect infrastructure and minimize future maintenance and replacement costs. The CIP, once adopted, will be reviewed and updated annually prior to the adoption of the annual budget. The CIP plan will identify ongoing operating requirements associated with each capital project. If a capital request is approved during the budget process, the operating funds and associated expenditures will reside in the CIP Fund under the appropriate project code. Capital project budgets will include all expenses associated with the completion of the project.

### **Position Control:**

The recommended budget shall include a total number of recommended permanent full-time equivalent (FTE) positions by classification.