



CITY OF SIDNEY

PURCHASING ORDINANCE

and

PURCHASING MANUAL

CITY OF SIDNEY
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PURCHASING ORDINANCE

129.01 CITY MANAGER OR DESIGNEE AS PURCHASING MANAGER

The City Manager or his designated representative is hereby appointed Purchasing Manager and shall be in charge of all purchases of the City and contracts for the City. Purchases or contracts in this chapter must be so approved. (Ord. A-1721. Passed 9-11-89)

129.02 EXPENDITURES OF TWO HUNDRED FIFTY DOLLARS OR LESS

Purchases or contracts involving an expenditure of less than fifty dollars (\$50.00) may be made from imprest cash without the taking of quotations or bids. Purchases from fifty dollars (\$50.00) to two hundred fifty dollars (\$250.00) are paid using the Check Request Form. (Ord. A-2482. Passed 5-08-06). Quotations or bids are encouraged, but not required, for these purchases.

129.03 EXPENDITURES EXCEEDING TWO HUNDRED FIFTY TO TWO THOUSAND FIVE HUNDRED DOLLARS

Purchases or contracts involving an expenditure exceeding two hundred fifty dollars (\$250.00) to two thousand five hundred dollars (\$2,500.00) shall only be made after obtaining informal quotations, and the purchase shall be made from the vendor submitting the lowest and best quotation from at least two qualified vendors. (Ord. A-2482. Passed 5-08-06.)

129.04 EXPENDITURES EXCEEDING TWO THOUSAND FIVE HUNDRED TO TWENTY-FIVE THOUSAND DOLLARS

Purchases or contracts involving an expenditure exceeding two thousand five hundred dollars (\$2,500.00) to twenty-five thousand dollars (\$25,000.00) shall be made only after obtaining written quotations from two or more qualified vendors. Such purchase shall be made from the vendor submitting the lowest and best quotation. (Ord. A-2482. Passed 5-08-06.)

129.05 EXPENDITURES EXCEEDING TWENTY-FIVE THOUSAND DOLLARS

Purchases or contracts involving an expenditure exceeding twenty-five thousand dollars (\$25,000.00) shall be made only after advertisement and the receipt of sealed bids. The purchase shall be made only from the vendor submitting the lowest and best bid. (Ord. A-2482. Passed 5-08-06.)

129.06 “LOWEST AND BEST” DEFINED

For the purposes of this chapter, “lowest and best” shall be deemed to be that quotation or bid which gives the best combination of quality, service and price that assures the greatest economy to the City.
(Ord. A-1721. Passed 9-11-89.)

129.065 “QUALIFIED VENDOR” DEFINED

For the purposes of this chapter, “qualified vendor” means a person who has met the City’s

appropriately specified criteria required pursuant to the needs of a purchase or contract. (Ord. A-1721. Passed 9-11-89.)

129.07 EMERGENCY PURCHASES

In cases of emergency, purchases of goods or contracted services may be made without obtaining quotations or bids as set forth in this chapter. However, if the amount of the emergency purchase or contracted service exceeds ten thousand dollars (\$10,000.00), the City Manager shall report the facts relating to that purchase to Council.

(Ord. A-2482. Passed 5-08-06.)

129.08 PURCHASING MANUAL

The Purchasing Manager shall prepare, adopt and maintain a purchasing manual or manual of purchasing guidelines setting forth the administrative procedures for the handling of purchases, which procedures shall not be in conflict with this chapter. Such manual shall have the same effect as ordinances of the City. (Ord. A-1721. Passed 9-11-89.)

129.09 COST ESTIMATES

1. The city shall not be required to make their cost estimates for public improvement projects available for public inspection prior to bidding. (Ord. A-1721. Passed 9-11-89.)
2. If the contracted amount on any project exceeds the Engineering estimate by 10% or more, approval by the City Manager is required.

129.10 SINGLE AGGREGATE BID AWARDS

The city hereby authorizes the City Manager to advertise for and award single aggregate bids for public improvements without the necessity of seeking or obtaining alternate bids for each separate trade or kind of mechanical labor, employment, or business furnishing materials. Section 153.50, 153.51, and 153.52 of the Ohio Revised Code shall not be applicable to the City of Sidney.

129.11 EXCEPTIONS TO COMPETITIVE BIDDING

1. In any case where competitive bidding is not practical, or it is clearly to the City's advantage to contract without competitive bidding, Council, upon the recommendation of the City manager, may authorize the execution of a purchase order without competitive bidding, by a majority vote.

Instances where competitive bidding is not practical include, but are not limited to, the following examples:

- a) Contracts for professional services (except when sections 153.65-.71 of Ohio Revised Code are applicable)
- b) Hiring of consultants
- c) Contracts for materials in unstable markets.

The City Law Director shall approve the contract as to form and content before it is submitted for the City Manager's approval with Council authorization.

(Ord. A-2482. Passed 5-08-06.)

129.12 SALVAGE

- a. Personal property no longer needed for a Municipal purpose may be disposed of by the Purchasing Manager in the following manner:
 - 1.) Transfer to another department (in need)
 - 2.) Trade-in on a new purchase of the same or similar items
 - 3.) Sealed bid sale
 - 4.) By public auction
 - 5.) Conveyance to another governmental agency/authority
 - 6.) Internet auction
 - 7.) Donation to a non-profit organization exempt from Federal income taxation; pursuant to prior approval of City Council
- b. Items to be sold by sealed bid and valued at ten thousand dollars(\$10,000)or more shall be advertised once a week for two consecutive weeks. Items valued at less than ten thousand dollars shall be advertised at the discretion of the Purchasing Manager.
- c. Competitive bidding shall not be required if conveyance, grant, or permit to use of City-owned property is to be made to the United States of America, State of Ohio, or any political subdivision, taxing district, department, commission, board, institution, authority, or other agency of either.

(Ord. A-2482. Passed 5-08-06)

(REV. 5/06)

PURCHASING MANUAL

I. PURPOSE

The City has established Centralized Purchasing throughout. Purchases and the processes surrounding the such, as defined herein, shall be executed by the Purchasing Manager.

The purpose of this manual is for use as a guide requisitioning purchases, and the receipt and payment process for goods and services. The guide includes statements of purchasing objectives and policies, as well as the procedure to be followed in performing the major purchasing functions.

The primary concern of Council and the City Manager is to provide the City with a complete Centralized Purchasing Service. Purchasing must work closely with all other departments in procuring materials and supplies, goods and services necessary for implementing the work of other departments.

Purchasing decisions must be coordinated with the aims, policies and preferences of the departments served.

II. PURCHASING AUTHORITY AND COMPLIANCE

PRIOR ENCUMBRANCE OF APPROPRIATIONS : No purchases or contracts involving an expenditure exceeding \$250.00 are to be processed unless the transaction is first certified by the Finance Officer that the amount required for the expenditure has been lawfully appropriated and is either in the treasury, or in the process of collection, and free from any previous encumbrances.

All precautions should be taken by departments to make sure that budget accounts are not overspent.

Exceptions to the prior encumbrance requirement are:

- a.) Emergency purchases as outlined in Ordinance section 129.07 and section VII of the Purchasing manual.
- b.) Items approved for check request payment as outlined in the Purchasing manual section IX.

Violations of the prior encumbrance requirement:

If the purchase or contract is not preceded by an encumbrance of funds as specified above, no payment may be authorized unless the Finance Officer can certify that both at the time the expenditure was made and at the time he is completing his certification,

sufficient funds were available, properly appropriated, and free from any previous encumbrances.

PURCHASING INSTRUMENTS :

- a.) Continuing contracts to be performed in whole or in part in an ensuing fiscal year - only the amount required to meet those amounts in the current fiscal year, in which the contract is made, need be certified (encumbered). Remaining contract amounts must be provided for in the subsequent fiscal year's appropriations.
- b.) Per unit contracts - need only certify (encumber) the estimated amount to become due in the current fiscal year based upon the agreed unit pricing and estimated quantities. The normal per unit contract length will be twelve months or less.
- c.) Blanket purchase orders against any specific line item account, not extending beyond the current fiscal year, are to be certified (encumbered) against specific line-item appropriations. A list of expenditures paid under each blanket certificate must be maintained by the Finance Department. The use of blanket purchase orders is subject to the approval of the Finance Officer.

III. PURCHASING FUNCTION OBJECTIVES

The objectives listed below will indicate the scope of the purchasing function prior to the act of purchase. These objectives are based upon proven principles of sound purchasing business management:

1. Assisting department in securing goods and services.
2. Cost estimated for budget submission and approval.
3. Processing requisitions and orders.
4. Secure goods and services of the quality, in the required time and at the lowest prices for efficient City operation.
5. Securing quotations and bids, both formal and informal.
6. Develop and maintain sources of supply for goods and services that are capable to meeting the needs of the City.
7. Foster and maintain business relations with vendors and the community in general.
8. Maintain proper inventories.
9. Expedite deliveries.
10. Standardize where possible.
11. Promote good working relations between Purchasing and user departments.
12. Study price and market trends.
13. Be alert for and recommend new products and services that aid users in the performance of their function: A Value Analysis program.
14. Periodically review the City's purchases to assure that user needs are being

optimally met by the goods and services being purchased.

15. Take the detail away from department heads to give them more time to successfully conduct departmental functions.
16. Develop a Request for Proposal (RFP) program for use by the City.
17. Report purchases to City Council as required.
18. Maintain vendor bidders lists (with appropriate experience data).
These objectives can be attained with adequate planning and cooperation by all departments working with the Purchasing Office within the framework of a Centralized Purchasing System.

IV. STANDARDS AND ETHICS

The Purchasing Manager is the primary contact between the departments and the vendors. Therefore, the Purchasing Manager must adhere to high levels of personal conduct and transact business in a strictly ethical manner.

The following principles are the basics for establishing purchasing practices:

1. Consider, first, the interests of the City in all transactions, and carry out its established policies.
2. Recognize value as being a combination of quality, service and price that assures the greatest economy to the user, and buy on this value basis.
3. Buy without prejudice, seeking to obtain the ultimate maximum for each dollar spent.
4. Respect the City obligations and neither express nor imply a promise of performance that we cannot expect to fulfill.
5. Refrain from divulging information acquired in confidence with the intent to giving or receiving an unfair advantage in a competitive business transaction.
6. City employees are prohibited from accepting gifts, entertainment or any other gratuity from any individual or business.
7. Adhere to the National Institute of Governmental Purchasing principles for ethical purchasing.
8. Follow City and State ordinances when applicable.
9. City employees may purchase items from the City when they are sold by sealed bids or at public auction.

All employees of the City participating in the purchasing process must refrain from any private business or professional activity that would create a conflict between personal interests and the interests of the City.

V. REQUISITIONS

PURPOSE: The purpose of a requisition is to inform the Purchasing Office of the needs of the department so that procedures can be set in motion toward the purchase of the needed materials and equipment, goods and services. It also enables the Finance Officer to check availability of funds. In addition, it can save the City from placing duplicate

orders, thus saving time and money.

WHEN TO REQUISITION: It is the responsibility of the department head to anticipate the needs of the department as much in advance as possible, so as to not create a situation whereby items need to be purchased on an emergency basis. Thus, the requisition should be submitted far enough in advance to allow the city to take advantage of competitive quotations and bidding.

Delivery time is also a factor to be considered. Orders should be submitted to ensure that the commodity is delivered when it is needed.

HOW TO REQUISITION:

- Requisition Number (only if used by department)
- Department (actual department name)
- Division
- Account Number
- Date Required (as close an approximation to date needed)
- Ship to Information
- Suggested Vendor (list last supplier plus any preferences from past purchases)
- Item Number
- Quantity
- Unit of Measure (packaging)
- Description (be certain to include physical description and model numbers- if a particular manufacturer's model or catalog number, mention whose it is and give enough information to fully describe what it is)
- Date and Signature of Department Head (or authorized Division Head or designated supervisor empowered to sign)
- Submit Requisition to Purchasing as authorized
- Purchasing Manager will confer with the ordering department regarding price, delivery, and quality.
- Once concluded, Purchasing will verify the availability of the department's proper funds and place the purchase order. If proper funds are not available the requisition will be forwarded to the Finance Officer or designee to be processed according to section VI of the Purchasing manual. The Finance Officer or designee will return the approved requisition to the Purchasing department for purchase order processing.
- A completed Requisition Copy, along with Purchase Order copy will be returned to the ordering department.

SINGLE SOURCE PURCHASES: If the item or service is such that it can be supplied by only one source, a written memo explaining fully the conditions which make the supplier an only source must be attached to the requisition, and if deemed correct, then attached to the Order as justification.

VI. OVER EXPENDITURES AND SUPPLEMENTAL APPROPRIATIONS

If the requisitioned budget account lacks a sufficient balance, the Finance Department will return the requisition to the requisitioning department.

The department head may:

1. Drop the request.
2. May request transfer of appropriations.
3. Request a supplemental appropriation from contingency or surplus to cover the cost of the material or the service requested.
4. An over expenditure of a budgeted account should be fully explained in the form of a memo to the City Manager, who will analyze the request and either approve or disapprove the requisition.
5. Requests for a supplemental appropriation should be directed to the Finance Officer in the form of a memo fully explaining such a request. Normally, only things that could not have been foreseen or reasonably provided for by careful planning, and are of an emergency in nature, will be considered for presentation to Council. Therefore, careful preparation of annual departmental budget requests is a necessity.

VII. EMERGENCY PURCHASES

TRUE EMERGENCIES:

An emergency situation is defined as a situation in which operation of a department would be seriously hampered because of a shortage of goods or services to maintain critical City operations.

EMERGENCY PROCEDURE:

During normal working hours, the department will notify the Purchasing Manager of the need for an emergency purchase. The Purchasing Manager will assist the department in securing the needs and issue a purchase order number for the items to be purchased.

Purchasing will make necessary arrangements for delivery, working in conjunction with the user's department.

REQUISITION: A requisition must be submitted to the Purchasing Manger as soon as possible, so that a confirming purchase order can be issued.

OTHER EMERGENCIES:

If an emergency occurs at times other than normal working hours (ie. nights, weekends, holidays), the department must submit, on the next working day, a requisition accompanied by the sales slip, invoice and/or explanation for the necessity of the purchase. Purchasing shall follow through with the accompanying paperwork and any appropriate reporting procedures (see 129.07).

Negligence on the part of the department head to plan properly is not justification for an emergency purchase. Emergency purchases made hurriedly on a noncompetitive basis are costly and possibly not at the best price.

VIII. CENTRAL STORES OF OFFICE SUPPLIES AND JANITORIAL ITEMS

A central store of such items as City of Sidney letterhead and envelopes, letter and legal size folders, xerographic paper, legal pads, pencils, pens, paper clips and janitorial supplies will be maintained as required. An annual inventory will be performed on these items.

IX. QUOTATIONS PROCEDURE

IMPREST CASH: Minor purchases which cost less than fifty dollars (\$50.00) may be made by the department directly from the vendor. The cost, not including sales tax, will be reimbursed from the imprest cash fund administered by the Finance Office, upon presentation of a paid invoice or sales slip.

CHECK REQUEST FORM: Expenditures under two hundred fifty dollars (\$250.00) and/or memberships, subscriptions, medical bills and prepayments for service may be made by using the Check Request Form with the designated approval signatures. (Departments send paperwork to Purchasing, which approves and forwards to Finance.)

ITEMS EXCEEDING \$250.00 TO \$2,500.00: Items exceeding two hundred fifty dollars (\$250.00) to two thousand five hundred dollars (\$2,500.00) must be requisitioned following the established procedure. The Purchasing Office will obtain informal quotations, with the stipulation that quotations from at least two (2) qualified vendors be obtained on items involving an expenditure of one thousand (\$1,000.00) or more.

ITEMS EXCEEDING \$2,500.00 TO \$25,000.00: Items exceeding two thousand five hundred dollars (\$2,500.00) to twenty five thousand dollars (\$25,000.00) must be requisitioned by the department in the usual manner. The Purchasing Manager, however, will obtain written quotations from two or more vendors before a purchase order can be issued to a vendor.

MATERIALS OR SERVICES \$25,000.00 OR MORE: All purchases exceeding twenty five thousand dollars (\$25,000.00) will be based on sealed bids. These purchases will follow the procedure outlined below:

1. Resolution authorizing bids.
2. The invitation to bid will be advertised in the local newspaper as required by law.
3. A notification of bid will be mailed to all qualified companies on the City's bidders list. Invitations to bid will be sent to requesting bidders, and/or bids will be sent directly to bidders on bid list and those qualified who respond to

- legal advertisements.
4. Bids shall be opened on the day and time set in the bid announcement, and publicly read.
 5. Where required, bids shall be accompanied by a sufficient and acceptable bid bond, in the form of a certified or cashier's check drawn on a solvent bank or a bid bond executed by a surety authorized to do business in the State of Ohio, and made payable to the city, to assure the City, that if a bid is accepted, a contract will be entered into. Where required, a Performance Bond (100%) or a 100% bank "Letter of Credit" shall be secured by the City, prior to commencement of the contract, and approved by the City Law Director.
 6. Where required, bidders shall execute and submit a non-collusion affidavit and a disclosure of personal property taxes on the forms furnished by the City. No contract is deemed fully executed until this is done. Upon completion of the project, a signed contractor's indebtedness affidavit must be filed with the City to execute final payment of said contract
 7. Prevailing wages shall be paid as required by Ohio law on all projects for new construction, remodeling, and repair projects. Bids shall be submitted accordingly as noted in the bid requirements.
 8. The interest earned on all contract retainage shall accrue to the sole benefit of the City.
 9. Addendums to bids shall be made available to all known bidders and shall be issued, in a reasonable time, prior to the bid opening. Bids may be postponed as deemed in the City's best interest. The city reserves the right to reject any and all bids, waive informalities and make an award deemed in its best interests.
 10. Bidders are to keep informed of all laws and regulations, Federal and State, city ordinances, codes, rules, safety requirements (Industrial Commission) which effect those employed to engage in the work or materials to be used in a project.
 11. Project completion (delivery) warranties, references, terms and F.O.B. shall be required by bidders in the Bid Invitation. Non-responsiveness can be determined as a condition for bid disqualification.
 12. Bids will be awarded on the basis of best and lowest bids conforming to the specifications.
 13. After final authorization, the Purchasing Manager shall follow through with the proper purchase order. The bid award shall be made within forty-five (45) days of the bid opening, except when the bid involves use of Federal funds or sale of notes and/or bonds, in which case the award shall be made pending the availability of funds. Bids may not be withdrawn or modified unless the award is delayed beyond that time.
The City reserves the right to establish its own schedules of construction and payment with any contractor awarded the bid, and to bid each component part of the project as a whole or separately.
 14. The Purchasing manager will send a final tabulation to all bidders, specifying

which bid or quotation was awarded the purchase.

PURCHASING CARD: Expenditures under two hundred fifty dollars(\$250.00) and/or memberships, subscriptions, education registration, and travel-related expenditures may be made by using the City's purchasing card. Other purchasing card expenditures not listed above, including transactions exceeding \$250.00, may be made only with the prior approval of the Purchasing Manager. The use of the purchasing card for transactions exceeding \$250.00 does not eliminate the requirement to have a purchase order in place and funds encumbered prior to the expenditure being executed. The purchase order must be made payable to the financial institution that issued the purchasing card.

X. PURCHASE ORDERS

The purchase order is the vendor's authorization to ship equipment, materials or supplies, or to perform the services specified thereon. It constitutes the contract between the City and the vendor, with the conditions (boiler plate) specified and incorporated into the contract.

HOW PURCHASE ORDER IS HANDLED: The purchase order is made up of three (3) copies: the original (offer) is sent to the vendor, the Purchasing Office copy, and the requisitioning department's copy.

Procedurally, the department receives a colored copy of the purchase order for its files. The invoices are submitted by the Vendor to Finance. The department signs the colored copy for a complete shipment received, and forwards to Finance for payment. For a partial receipt, the colored copy is so noted, and a xerographic copy is sent to Finance for payment. The original is completed and sent, once the order is received complete. All department managers must approve actual invoices before payment is processed by the Finance Department.

XI. SPECIFICATIONS

Standard specifications should be set up so that maximum competition can be secured. The description of the commodity and its characteristics should be so definite and precise as to eliminate the possibility of misunderstanding on the part of the purchaser, vendor or user. Wherever necessary, tests will be made to determine compliance with the specifications. Specifications that are considered "closed" (eliminating all competition) shall not be submitted by any department.

Trade or brand name items may be submitted to the Purchasing Office on the requisition, but may not necessarily become a part of the final specifications. Use of brand names shall establish a generally acceptable standard, and other brand names of the same general qualities will be requested to submit bids.

EXCEPTIONS: Where current equipment or materials for parts or replacement are required, alternatives may not be feasible.

XII. ITEMS COVERED BY WARRANTY OR GUARANTEE

DEPARTMENT FILE: The City may purchase items that have a warranty or guarantee for a certain length of time. Prior to the repair or replacement of any items, the Purchasing Office should be consulted to see if the item is covered by such warranty or guarantee. Generally, each department should maintain an active, up-to-date file on such warranty or guarantee with complete information.

XIII. PAYMENT OF TRANSPORTATION

FREIGHT CHARGES: Freight charges will be handled in one of the following ways:

1. F.O.B.: City of Sidney. When the purchase order is marked in this manner, no transportation charges are to be paid by the City.
2. F.O.B.: Shipping Point. In cases where the City does pay freight charges, the charges are to be prepaid by the shipper, and the prepaid bill shall be added to the invoice.

C.O.D. CHARGES: The City will not accept C.O.D. shipments. If shipping charges are to be paid, they will be paid in the above described manner.

XIV. BID AND PERFORMANCE BONDS

Where required, bids shall be accompanied by a sufficient and acceptable bid bond, in the form of a certified or cashier's check drawn on a solvent bank or a Bid Bond executed by a surety authorized to do business in the State of Ohio and made payable to the City, to assure the City, that if a bid is accepted, a contract will be entered into. Performance bonds or bank "Letters of Credit", where required, shall be deposited in the amount of the contract (100%) prior to execution of contract, and approved by City Law Director.

Requiring certified checks or bonds may not always be in the best interest of competition. Therefore, careful study should be given to this matter before a bond is required. In any event, the City Manager or Purchasing Manager shall decide when the deposit of a bond or "Letter of Credit" is necessary for a vendor to be awarded a purchase order or contract.

XV. RETURNS

The following procedure should be used for materials, goods, or equipment received requiring return to vendor:

1. Department contacts Purchasing with problem notification.
2. Purchasing contacts vendor for disposition, return authorization.
3. Purchasing notifies department with return instructions and Return Materials Transfer Order (RTMO) form which is sent with return, along with copies for the department and Finance.
4. Finance receives appropriate credit.
5. Department receives appropriate replacement, if required.

