

COUNCIL ACTION FORM

SUBJECT: REVISIONS TO PURCHASING POLICIES AND PROCEDURES

BACKGROUND:

The Purchasing Division service objectives include 1) recommending policies and procedures that comply with applicable laws and regulations, 2) protecting the interests of the City, and 3) enabling City programs to provide cost-effective services to the public. The Purchasing Division maintains a Purchasing Policies and Procedures Manual to assist in achieving these goals.

Revisions to the Purchasing Policies and Procedures Manual are proposed to update the public improvement bid thresholds, add Federal Uniform Guidance Procurement Standards regulations, and modify the Conflict of Interest Policy. A summary of proposed policy and procedure revisions is attached. Two sections have a majority of the proposed policy and procedure revisions:

Section 6: Bids, Quotations, and Proposals:

The *Code of Iowa* Section 314.1B establishes horizontal and vertical bid threshold subcommittees that meet every other year to establish the bid and quotation thresholds for city and county public improvement projects. On October 23, 2012, the City Council approved to revise the City purchasing policy to follow the statutory limits set by these subcommittees.

The City's thresholds are currently:

- Competitive Bids for Horizontal Construction: \$ 70,000
- Competitive Bids for Vertical Construction: \$135,000
- Competitive Quotes for Vertical Construction: \$ 75,000

The state's subcommittees have met and changed the bid and quote thresholds to the following:

Year Effective	Threshold	Horizontal Infrastructure Cities > 50,000 population	Vertical Infrastructure Cities > 50,000 population
2019	Competitive bid	\$69,000	\$139,000
2019	Competitive Quote	N/A	\$ 77,000

Therefore, the threshold established by the State subcommittees for horizontal infrastructure bids has been decreased by \$1,000, to \$69,000; the threshold for vertical infrastructure bids has been increased by \$4,000, to \$139,000; and the threshold for vertical infrastructure quotes has been increased by \$2,000, to \$77,000.

As noted above, the City Council previously directed staff to follow the statutory limits set by these subcommittees. Increased bid thresholds allow smaller projects to be bid without the need for a bid bond or a published public notice to bidders, thus eliminating these costs to the project. The performance bond will remain a requirement at \$25,000, and the specifications and drawings will be required to be stamped by a registered architect, engineer, or landscape architect if the project is determined to be a public improvement, regardless of the estimated value of the work.

The Federal Uniform Guidance Procurement Standards regulations for bids for the purchase of materials and/or services funded by Federal awards are added to the Special Conditions of Section 6: Bids, Quotations and Proposals. **The inclusion of the Uniform Guidance Procurement Standards in the City's Purchasing Policies is required and must be approved by the City Council.**

Section 13: Conflict of Interest Policies and Code of Ethics:

The Conflict of Interest policy for related parties will be modified to include "member of household" to the City's definition of a conflict of interest and establish a defined reporting mechanism to improve the reporting and tracking of potential Conflict of Interest vendors, and will be completed by all employees and officers annually.

Other Changes:

Several other sections have only minor clarifications or changes. These include:

- Moving the location where CyRide exemptions are listed to make the exemption clearer
- Increasing the value of capital purchases from \$2,500 to \$5,000.

The City currently only tracks assets over \$5,000 for the purpose of depreciation and reporting on the City's financial reports. However, the Purchasing Policies have continued to describe capital assets as those purchases above \$2,500. Changing this amount to \$5,000 will align the Purchasing Policies with the City's actual depreciation and financial reporting practices

- Revising the detailed element-object numbers that categorize purchase types.

- Revising the name of a cooperative buying organization to which the City belongs.
- Adding language to comply with federal regulations for award of federally funded projects.
- Reflecting the decommissioning of the Purchasing intranet site and transition to the cloud-based Purchasing community.

ALTERNATIVES:

1. Approve revisions to the purchasing policies and procedures to become effective June 11, 2019. Purchasing staff will begin training users on policy and procedure changes.
2. Do not approve revisions to the purchasing policies and procedures.

MANAGER'S RECOMMENDED ACTION:

The proposed revisions to the purchasing policies and procedures reflect new statutory limits and current practices on construction projects for public entities, the addition of the Federal Uniform Guidance Procurement Standards regulations and changes to the reporting and definition of a Conflict of Interest. These revisions will improve the efficiency of the City's procurement process and administration of construction projects, and improve control and reporting for the Purchasing Division.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving revisions to the purchasing policies and procedures to become effective June 11, 2019.

SUMMARY OF 2019 CHANGES TO PURCHASING POLICIES

Section 1: Organization, Purpose, and General Guidelines:

Section	Subject	Description of Change	Comments
1.04 B	Exceptions to Purchasing Authority	Move Transit (CyRide) exception to Section 6.10 G Contract Award, Transit (CyRide) is exempt from Approval by City Council on items identified in the City Ordinance Chapter 26A	Revise the location of the exemption in the Purchasing Manual

Section 2: Requisitions for Purchase Order:

Section	Subject	Description of Change	Comments
2.01 B	Capital Items	Change acquisition threshold from \$2,500 to \$5,000	Capital items are \$5,000 in value or more
2.02 A	Exceptions	Remove Footing drain grant payments (4096) and change Library collection materials from (7045, 7046, 7048, 7049 & 7051) to (6133, 6145, 6146, 6149 & 6151)	Reflect changes in element object numbers

Section 3: Fleet Vehicles and Equipment: No additional changes

Section 4: Technology and Communications Purchases: No additional changes

Section 5: Specifications and Descriptions/Statements of Work: No additional changes

Section 6: Bids, Quotations, and Proposals

Section	Subject	Description of Change	Comments
6.04 A & C	Bid Threshold Amounts for Bids/Quotations and Proposals	Change bid thresholds limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements
6.05 A	Types of Solicitations	Change footnote to the current bid threshold limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements
6.06 C	Exceptions	Change (NJPA) to (Sourcewell) contracts and change (US Communities) to (OMNIA Partners) contracts.	Reflects change in cooperative buying group's name

Section	Subject	Description of Change	Comments
6.06 D	Exceptions	Remove Footing drain grant payments	Reflect changes in element object numbers
6.07 G	Special Conditions Projects Funded by Federal and State Grants	Add: bids for the purchase of materials and/or services funded by Federal awards shall comply with the Uniform Guidance requirements of 2 CFR Part 200 Procurement Standards regulations 200.317-200.326	Reflects compliance with Federal Uniform Guidance in the City's Purchasing Policies and requires the approval of the City Council
6.12 D8	Contracts Awarded by City Council	Change bid thresholds limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements

Section 7: Purchase Order-Receiving Report: No additional changes

Section 8: Emergency & Rapid Need Purchases: No additional changes

Section 9: Travel, Conference, & Training Expense: No additional changes

Section 10: Reserved

Section 11: Central Office Supply Store & Inventory Management: No additional changes

Section 12: Disposal of Surplus Property: No additional changes

Section 13: Conflict of Interest Policies and Code of Ethics:

Section	Subject	Description of Change	Comments
13.02 B	Definition – City Officer	Remove: Human Relations Hearing Officers, Human Relations Investigative and Conciliation Officers, and Project Share. Add: Board of Review, Civil Service Commission, Analysis of Social Services Evaluation Team (ASSET) and Commission of the Arts.	Reflect changes recommended by Legal Department
13.03 A1, A2 & A3	Purchase of Goods and Services – City Employees	Add: or member of household	Add to definition of immediate family, recommended by Legal Department

Section	Subject	Description of Change	Comments
13.03 B1, B2 & B3	Purchase of Goods and Services –City Officers	Add: or member of household	Add to definition of immediate family, recommended by Legal Department
13.03 C3	Exceptions	Add: or member of household	Add to definition of immediate family, recommended by Legal Department
13.06 A	Reporting	Add: or member of household Add: Each employee and officer must complete a Conflict of Interest Disclosure Form annually.	Add to definition of immediate family, recommended by Legal Department. Reflects change to the Conflict of Interest Reporting

Section 14: Procurement Card Program: No additional charges

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SUMMARY OF 2019 CHANGES TO PURCHASING PROCEDURES

Section 15: Procedures for Requisitions or Purchase Order: No additional changes

Section 16: Procedures for the Purchase of Fleet Equipment: No additional changes

Section 17: Procedures for the Purchase of Technology & Communication Equipment: No additional changes

Section 18: Specification Guidelines & Procedures: No additional changes

Section 19: Procedures for Bids, Quotations, and Proposals:

Section	Subject	Description of Change	Comments
19.01 B & C	Determining if a Competitive Solicitation is Required	Change bid thresholds limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements
19.04 D & F	Other Bid Requirements and Conditions	Change bid thresholds limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements

Section 20: Procedures for Purchase Order Receiving Report: No additional changes

Section 21: Procedures for Emergency & Rapid-Need Purchases: No additional changes

Section 22: Procedures for Travel, Conference, & Training Expenses: No additional changes

Section 23: Section not used

Section 24: Procedures for Central Stores & Catalogued Inventory Management: No additional changes

Section 25: Procedures Relating to Conflict of Interest & Code of Ethics:

Section	Subject	Description of Change	Comments
25.01 A & B	Purchases	Add: or member of household	Add to definition of immediate family, recommended by Legal Department
25.01 A & B	Purchases	Revise reference from the Purchasing Intranet site to Purchasing Community	Reflects move to the Purchasing Community
25.02 A	Reporting	Add: or member of household	Add to definition of immediate family, recommended by Legal Department
25.02 C	Reporting	Add: Each employee and officer must complete a Conflict of Interest Disclosure Form annually	Reflects change to the Conflict of Interest Reporting

Section 26: Procurement Card Program Procedures: No additional changes

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