

AN ORDINANCE OF THE CITY OF RICH HILL, MISSOURI, REPEALING ORDINANCE NO. 1712 REGARDING GUIDELINES FOR MAKING PURCHASES AND ENACTING NEW AND UPDATED PURCHASING PROCEDURES OF THE CITY.

WHEREAS, the Board of Aldermen (“Board”) of the City of Rich Hill, Missouri (“City”) is desirous to formulate a purchasing policy that better serves the health, safety, and general welfare of the citizens of Rich Hill; and

WHEREAS, the Board desires to craft a policy that incorporates an appropriate level of functionality as well as responsible guidelines and restrictions for the use of public funds and assets.

NOW THEREFORE BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF RICH HILL, MISSOURI, AS FOLLOWS:

SECTION 1. Purpose; Basic Goals. The purpose of this Ordinance (hereinafter the “purchasing policy”) is to establish policies and procedures to ensure that necessary goods and services are obtained at the highest quality and for the most economical price, while also ensuring compliance with all applicable laws and regulations, and to maintain public confidence in the City’s stewardship of public funds. The basic goals of the City’s purchasing policy are:

1. To comply with the legal requirements of public purchasing.
2. To assure vendors that impartial and equal treatment will be afforded all who wish to do business with the City.
3. To receive maximum value for each public dollar spent.
4. To provide City departments required goods and services at the time and place needed in the proper quantity and quality.
5. To purchase only goods and services for which funds have been approved and not previously encumbered.

Should a state or federal funding agency be involved to help pay the cost of a project or supplies, the City will comply with that funding agency’s procurement requirements if different from the City’s purchasing policy.

SECTION 2. Definitions. As used in this purchasing policy, the following terms shall have the meanings ascribed to them:

1. ***CONTRACTUAL SERVICES:*** Includes all telephone, utilities, gasoline, uniform services, cleaning contracts, rental, repair or maintenance of equipment, machinery and other City-owned property. This category, also, includes personal services of a person, agency or group of a non-technical or professional nature.
2. ***DEPARTMENT DIRECTOR:*** The person that is the head of a major function of the City and reports directly to the Purchasing Agent. Positions in this classification include: City Clerk, the City Superintendent, and Police Chief.

3. *INFLATION ADJUSTED WAIVER AMOUNTS*: the amounts published in the Missouri Register pursuant to Section 537.610, RSMo, which are the inflation-adjusted amounts of the absolute statutory waivers of sovereign immunity in Sections 537.600 and 537.610, RSMo.
4. *BATES COUNTY VENDOR*: those businesses located within the county boundaries of Bates County, Missouri.
5. *RICH HILL VENDOR*: those businesses possessing a City of Rich Hill business license, or where a license is not required, a business located within the city limits of Rich Hill, Missouri.

SECTION 3. Designation of Purchasing Agent. The City Clerk shall be the designated Purchasing Agent of the City and shall ensure that all purchases are made in accordance with the purchasing policies and procedures approved by the Board of Aldermen. In the City Clerk’s capacity as Purchasing Agent, the City Clerk or his or her designee shall oversee the preparation of all bid specifications for goods and services.

SECTION 4. General Purchasing Guidelines.

1. *Positions Authorized to Make Purchases.* Department Directors are authorized to make purchases in accordance with this purchasing policy. In the event a Department Director is unavailable to approve a purchase, the Purchasing Agent shall have the authority to act in their absence.
2. *Municipal Contract Requirements.* Section 432.070, RSMo, sets forth the requirements for municipal contracts, which must be:
 - a. within the scope of the City’s powers;
 - b. made upon consideration wholly to be performed after the making of the contract;
 - c. in writing and dated when made; and
 - d. subscribed by the parties or their authorized agents.

It is the objective of the City for all City purchases to satisfy all the foregoing requirements wherever practicable; provided, that no purchase shall be approved unless each of the foregoing requirements have been satisfied.

3. *Work Authorization Affidavits.* Section 285.530, RSMo, requires the City to condition the award of any contracts in excess of \$5,000 on the receipt of an affidavit affirming that the business entity contracting with the City:
 - a. Has enrolled in a federal work authorization program, such as E-Verify; and
 - b. That it does not knowingly employ any unauthorized aliens to perform any contracted services with the City.

For business entities with a continuing relationship with the City, the affidavits required by this subsection are required on an annual basis. In the event that the business entity is requested to provide certain information to the State’s Attorney General’s office and the business entity

fails to do so, the Attorney General’s office may require the City to suspend the business entity’s business licenses, permits, or exemptions.

4. *Local Preference.* It is the objective of the City to purchase products and/or services at the best prices. Whenever possible Rich Hill vendors and/or Bates County vendors should be contacted. Whenever the City lets for bid any contract to a contractor for any public works or product, the contractor or bidder domiciled outside the boundaries of the state of Missouri shall be required, in order to be successful, to submit a bid the same percent less than the lowest bid submitted by a responsible contractor or bidder domiciled in Missouri as would be required for such a Missouri domiciled contractor or bidder to succeed over the bidding contractor or bidder domiciled outside Missouri on a like contract or bid being let in the person's domiciliary state and, further, the contractor or bidder domiciled outside the boundaries of Missouri shall be required to submit an audited financial statement as would be required of a Missouri domiciled contractor or bidder on a like contract or bid being let in the domiciliary state of that contractor or bidder. This does not apply to any public works or product transportation where the bid is less than \$5,000. (Section 34.076, RSMo).

5. *National Preference.* The City desires to encourage the purchase and use of products manufactured, assembled, or produced in the United States of America, if the quality and price are comparable with other goods, in accordance with Section 34.353, RSMo.

6. *Budgetary Limits.* Budgetary limits are to be strictly observed. Written authorization must be obtained from the Board of Aldermen if the purchase exceeds the approved budget for that line item.

7. *Lowest and Best standard.* Purchases shall be awarded to the vendor or provider that is deemed to be in the best interest of the City, not necessarily the lowest price. The following criteria will determine what is in the best interests of the City:
 - a. Price;
 - b. The level of quality of the service or product offered;
 - c. The demonstrated ability of the vendor or provider to provide the service or product;
 - d. Timeliness of delivery; and
 - e. Level of fit between the vendor or provider and the needs of the City.

When the purchase is to be made from a vendor other than the low bidder, the reasons shall be documented by the department making the purchase and preapproval of the purchase shall be obtained from the Purchasing Agent.

8. *Lowest, most responsible and responsive bidder standard.* This standard is typically used for competitive construction contracts. Lowest refers to bid amount. Responsive refers to a valid and correct bid. The City may discard a non-responsive bid. Responsible refers to financial standing, skill, facilities, capacity, experience, previous work record, or any default within the last 12-month period.

9. *Quality Buying.* Vendor selection shall also include consideration of the quality of the goods or service. Quality is just as important as price and it is the responsibility of the City to secure the best quality for the purpose intended. The purchase of goods or services that will meet but

not exceed the requirements for which they are intended defines quality buying. Quality buying considerations include, but are not limited to, durability, availability, ease of installation, frequency of repair, cost and availability of parts needed for repair, efficiency, and life cycle costs. It is the responsibility of each department to become familiar enough with available equipment to determine the appropriate quality required to develop specifications and bid analysis.

10. *Sales Tax Exemption.* The City is exempt from paying all local and state sales tax. The City Clerk will provide the exemption document to any vendor upon request.
11. *Shipping.* Shipping, delivery, transportation, installation, and similar costs are to be included in determining the best price. Specifications should require FOB Rich Hill, Missouri. It is important to use this “FOB Rich Hill” designation because it requires the vendor to be responsible for any damages incurred in shipping or the delivery of defective goods.
12. *Planning.* Planning of purchases should be completed by each department on a short-term and long-term basis. Small orders and last minute purchases should be minimized to the extent possible to permit each department to purchase its goods and services in larger quantities. Large quantity orders typically encourage the maximum discount possible and have the effect of reducing overall shipping costs, and therefore improving pricing. Planning will also reduce the time expended on picking up, receiving, and documenting purchases, which improves efficiency, improves fiscal control, and optimizes cash flow.
13. *Vender Selection.* Vendors and suppliers of the City shall be carefully selected. City departments should assure themselves that the vendor has the proper license, is an authorized dealer for the given product, or is a qualified provider of the services sought.

SECTION 5. Purchasing Procedures.

1. *Minimal Acceptable Procedures.* The Board of Aldermen has established policies regulating the degree of formality to be followed in the purchase of goods and services, depending on the cost of the items to be purchased. The purchasing procedures outlined in this section are minimal acceptable procedures. At the discretion of the Board of Aldermen, the requirements can be exceeded if it is deemed to be in the best interest of the City to do so.
2. *Splitting Purchases.* The splitting of purchases into smaller orders to avoid these requirements is prohibited and subject to disciplinary action.
3. *Budgeted Purchases Under \$1,000.* The Department Directors shall communicate with the Purchasing Agent when ordering goods and services for their respective departments. The Purchasing Agent shall review and approve all requests for goods and services from the various Departments. The Purchasing Agent is authorized to approve budgeted purchases up to and including goods and services in the amount of \$1,000. Department Directors and the Purchasing Agent shall provide internal control procedures to ensure that all purchases are for legitimate public purposes, that monthly statements from vendors are reconciled, and all purchases accounted for.

4. *Purchases Over \$1,000 but Less Than \$5,000.* Any necessary purchase which exceeds a cost of \$1,000 shall be made by the Purchasing Agent only after approval of the Board of Aldermen. Price or rate quotes will be obtained from at least 3 qualified sources, or as many sources as can be found, whichever is less. If 3 sources are not available, a brief description of the efforts made to find locate sources shall be provided to the Board of Aldermen.
5. *Purchases Over \$5,000.*
 - a. Department Directors anticipating the purchase of goods or services of over \$5,000 in value should prepare specifications based upon standards appropriate to meet the City’s needs. Specifications should be forwarded to the Purchasing Agent or the Purchasing Agent’s designee for review, comment, and approval. The Purchasing Agent will then authorize the preparation of the bid package, public notices, and advertisements to meet the City’s purchasing policy. The Department Director should submit a list of qualified vendors along with the specifications. A bid packet containing an invitation to bid, specifications, and general bid documents will be sent to these vendors, as well as those that respond to the legal notice.
 - b. Formal bids will be advertised once a week for two (2) consecutive weeks in a newspaper of general circulation prior to bid opening. After the bids are opened in public, the Department Director will review them, prepare a written tabulation of all bids, draft a memorandum with a recommendation for the bid award, and submit the information to the Purchasing Agent’s office for submission to the Board of Aldermen for approval at a public meeting.
 - c. The recommendation to award a contract will normally be made to the lowest and best bidder meeting specifications; however, there may be instances when the lowest bid that has met specifications is not from an acceptable bidder. When such a situation arises, it is incumbent upon the Department Director to document the reasons why the low bidder should be disqualified. These reasons may include unsatisfactory past performance or lack of capacity to complete the work.
 - d. The City will make every effort to formally bid all purchases of over \$5,000 as provided above; however, in the event due to timing or other valid reason, the good or service is unable to be procured as outlined above, the Department Directors shall get at least three (3) legitimate written quotes from vendors. Request for Quotation forms will be used for this purpose. When seeking quotations, the practice of “auctioneering” should be avoided by refusing to disclose to a vendor the price quoted by competitors. If a Department Director is unable to secure three (3) written quotations, a memorandum explaining why less than three (3) qualified vendors were available, as well as a summary of quotes, will be attached to the request and forwarded to the Purchasing Agent’s office for submission to the Board of Aldermen for approval at a public meeting.
6. *Unbudgeted Purchases.* Unbudgeted purchases and/or changes in the intent of the budgeted line item require prior approval of the Purchasing Agent and Board of Aldermen.

SECTION 6. Purchase Orders.

1. *Contents.* If applicable, a person desiring to order a supply, equipment or service shall initiate the procedure by filling out a purchase order requisition, which shall include:

- a. The date;
 - b. the vendor's name and address;
 - c. a complete description of the goods or services requested, including:
 - i.Quantity;
 - ii.Item/model numbers;
 - iii.Prices;
 - iv.Discounts;
 - v.Shipping; and
 - vi.Delivery date and point of delivery;
 - d. The account number; and
 - e. The Department Director’s signature.
2. *Effect of Purchase Order.* A purchase order is a contract between the City and a vendor. The contract is not binding until the vendor accepts it. The issuance of purchase orders by unauthorized individuals will not be recognized by the City and payment of these obligations will not be approved. Unauthorized purchases are classified as personal expenses.

SECTION 7. Special Purchasing Procedures. Occasionally, the City may need to purchase goods or services under circumstances that do not clearly fit the City's procurement process, or for which normal competitive procedures do not apply. The following guidelines are provided with regard to making such purchases.

- 1. *Noncompetitive Proposals.* A noncompetitive proposal is procurement through solicitation of a proposal from only one source (see Sole Source Vendors below), or after solicitation of a number of sources, competition is determined inadequate. The mere fact that a contractor/vendor is performing other consultant services for the City is not in itself an adequate justification for a non-competitive proposal award. Circumstances under which a contract may be awarded by noncompetitive proposals are limited to the following:
 - a. After solicitation from a number of sources, competition is determined inadequate.
 - b. The items or services required are available only from one source (see Sole Source Vendors below).
 - c. The state or federal funding program authorizes the noncompetitive method.
 - d. A public emergency is such that the urgency will not permit a delay beyond the time needed to employ one of the other methods described above.
- 2. *Sole Source Vendors.* In the event that there is only one vendor capable of providing a particular good or service, the competitive procedures outlined in this manual may be waived by the Purchasing Agent. A Department Director should document why only one company or individual is capable of providing the goods or services required whenever it is determined that goods or services must be purchased from a "sole source vendor." The

documentation should be attached to the purchase order. The Purchasing Agent must approve all sole source purchases.

3. *Cooperative Purchasing.* Department Directors are encouraged to use cooperative purchasing programs sponsored by the State of Missouri, the applicable regional council of governments, or other municipal procurement cooperative prior to making any large purchase. Cooperative purchasing can prove advantageous to the City both by relieving Department Directors of the paperwork necessary to document the purchase and by taking advantage of large quantity purchases. Purchases made through these programs have met the requirements of competitive shopping and require only sufficient information to show the purchase is from such a program and the applicable referenced purchase price. However, it would be prudent to solicit bids and quotes from other vendors, as well, since this route is not always the least expensive.
4. *Blanket Purchase Contracts.* Blanket purchase contracts are long-term contracts for goods or services awarded after receiving competitive bids. The contract remains open for a period of up to one year to purchase the goods or services specified on an "as needed" basis. Examples of where these types of contracts would be appropriate are emergency plumbing services, construction materials such as rock, trees, and other landscaping materials, automotive supplies, hardware, and office supplies. These items are ones that are frequently or routinely used by the City and for which the initiation of competitive shopping each time the goods or services are required would be cumbersome and inefficient.
5. *Emergency Purchases.* The bid procedures established in this purchasing policy may be waived under emergency conditions when a delay may threaten the basic mission of a department. True emergencies are rare. Occasionally equipment will require emergency repairs or other circumstances will necessitate purchasing, which cannot await compliance with these regulations. In no case under emergency purchases shall any contract obligating the City in total to an amount in excess of \$1,000 be entered into without prior approval of the Mayor. All such emergency purchases shall be reported in writing to the Mayor and Board of Aldermen as soon as practical and any necessary budget amendments provided for processing at the next Board of Aldermen meeting.
6. *Petty Cash Accounts.*
 - a. There is often a need for immediate availability of funds. The City Clerk maintains one (1) petty cash fund in the amount of \$200. Petty cash funds may be used to avoid the time and expense of issuing purchase orders for lower cost items or for reimbursement to employees for purchases made on behalf of the City. The City Clerk shall prepare a receipt, which will be signed by the person receiving the funds. The petty cash fund will be replenished every 60-90 days.

- b. The City’s auditor may conduct unannounced audits of the petty cash fund to assure that monies are being properly accounted for. The use of petty cash funds for personal use, even for very short periods, is strictly forbidden and grounds for disciplinary action.

- 7. *Use of Credit Card.* The City credit card(s) shall be maintained in the City Clerk’s office. Authorized employees will be required to sign a credit card log whenever they purchase supplies or equipment on behalf of the City. The credit card log shall contain the date of the purchase, who made the purchase, what was purchased, the amount of the purchase and such other information as indicated on the log. It will be the responsibility of the person utilizing the card to justify all purchases and provide proper documentation on the use of the card.

- 8. *Purchase of Used Equipment.* New equipment is to be preferred over used equipment. However, there are situations where the purchase of used equipment should be considered. These include:
 - a. When price is of prime importance and the difference in cost between new and used equipment is significant.
 - b. Where equipment will be used infrequently, for a limited time, for training, or for auxiliary operations.
 - c. When faster delivery is essential.
 - d. The purchase of used equipment requires careful shopping and the requisitioning department should make every effort to secure a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are reasonably available.

- 9. *Change Orders.* Change orders are amendments to contracts for the purchase of goods or services that are made after the contract has been awarded. Change orders result from the discovery of unforeseen conditions. Change orders may not be used to overdraw a budgetary account, to avoid the City's competitive bidding process, or to materially alter the purpose of the original bid or contract. The Board of Aldermen must approve all Change orders.

- 10. *General Contract Specifications.*
 - a. *Sample Contracts.* Sample contracts for construction, goods, services, and equipment shall be on file in the City offices for copying and review in accordance with the Missouri Sunshine Law.
 - b. *Insurance.* Contractors must provide written proof of insurance coverage required by this subsection before contract will be signed by the City. Contractors shall obtain and keep in force for the duration of any contract with the City the following types and amounts of insurance:

- i. *Workers Compensation.* Worker’s compensation insurance at statutory limits and employer’s liability insurance with limits of at least one million dollars (\$1,000,000), which may include an umbrella policy.
- ii. *General Liability, Automobile Liability, and Property Damage.* Commercial general liability insurance with coverage of not less than the then-current Inflation Adjusted Waiver Amounts for claims (a) arising out of a single accident or occurrence; and (b) for any one person in a single accident or occurrence. The Inflation Adjusted Waiver Amounts may be found at <http://insurance.mo.gov/industry/sovimmunity.php>.
- iii. *Reduction or Waiver.* Insurance requirements may be waived or reduced by the Purchasing Agent after seeking the advice of the City Attorney.

11. *Architects/Engineers/Surveyors.*

- a. Sections 8.285 to 8.291, RSMo, establish specific requirements for obtaining the following services:
 - i. Architectural;
 - ii. Engineering; and
 - iii. Land Surveying
- b. It is the policy of the State of Missouri and the City of Rich Hill to negotiate contracts for the services addressed in this subsection on the basis of demonstrated competence and qualifications for the type of services rendered at fair and reasonable prices. Department Directors shall encourage firms engaged in the type of services enumerated in this subsection to annually submit a statement of qualifications and performance data to the City. Department Directors shall also seek a request for qualifications (“RFQ”) from firms interested in providing the type of services enumerated in this subsection when the estimated cost of such services for a particular project is expected to be \$1,000 or more.
- c. Firms or individuals offering the types of services enumerated in this subsection shall submit pricing only in a separate, sealed envelope accompanying the annual statement or RFQ response.
- d. Whenever the City requires the services enumerated in this subsection, the requesting Department Director shall evaluate the current statements of qualifications and performance data of firms on file in addition to any statements submitted by other firms responding to an RFQ for the proposed project. In evaluating the qualification of firms to be selected in accordance with this subsection, the following criteria shall apply:
 - i. The specialized experience and technical competence of the firm with respect to the type of services required;
 - ii. The capacity and capability of the firm to perform the work in question;

- iii. The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules; and
 - iv. The firm’s proximity to and familiarity with the area in which the project is located.
- e. Once the Department Director has selected the three most highly qualified firms for the purpose sought, the Department Director shall request the Purchasing Agent to open the sealed price lists. Using the following scoring system, the Department Director shall select the firm having the highest points. In the event of a tie, the firm having the higher Most Highly Qualified score shall prevail.

	Most Highly Qualified	Price	Total
Firm name			
Firm name			
Firm name			

Most Highly Qualified (“MHQ”) Firm =7 points; 2nd MHQ=5 points; 3rd MHQ= 2 points; Lowest Price = 7 points; 2nd lowest price = 5 points; 3rd lowest price = 2 points

12. *Other Professional Services.* Normal competitive procedures cannot be utilized in securing professional services such as appraisers, attorneys, certified public accountants, planners, and other professionals not listed in subsection 4 above who, in keeping with the standards of their discipline, will not enter into a competitive bidding process.

A Request for Proposal (RFP) can be prepared much the same way as specifications, including requirements and minimum standards for the services to be provided. When an RFP for professional services is approved, a limited number of qualified professionals known to the City will be invited to submit a proposal setting forth their interest, qualifications, and how they can meet the City's needs. In securing professional services, it is the primary goal of the City to obtain the services from a provider who has a proven record of providing the professional services required.

A contract will be negotiated with the professional deemed to best meet the City's needs. If an agreement on the cost and conditions cannot be reached, then these negotiations will be terminated and negotiations will commence with the next most qualified professional.

The Purchasing Agent is authorized to approve contracts for professional services under \$1,000. A memorandum setting forth a Department Director's recommendation should accompany a purchase order for such services. For contracts exceeding \$1,000, Board of Alderman approval is required.

13. *Public Works Contracts.*

- a. *Payment and Performance Bonds.* Contracts for public works having an estimated cost of \$50,000 or greater shall include provisions requiring bonds with good and sufficient sureties, in an amount sufficient to cover the payment of any and all materials incorporated, consumed, or used in connection with the construction of the public works; and all insurance premiums, both for compensation and for all other kinds of insurance for such work; and for all labor performed in such work whether by a subcontractor or otherwise.
- b. *Maintenance Bonds.* Contracts for public works having an estimated cost of \$10,000 or greater shall include provisions requiring bonds with good and sufficient sureties, in an amount sufficient to cover the cost of repairing work completed under a public works contract necessitated by poor workmanship or substandard materials for a period of three (3) years after the City issues its certificate of completion for the project.
- c. *Prevailing Wages.* Before advertising for bids for, or undertaking, the construction of public works through a contractor, the Purchasing Agent shall require the appropriate Department Director, in conjunction with the City Attorney if necessary, to make or seek from the Missouri Department of Labor and Industrial Relations a prevailing wage determination for the public works. If the payment of prevailing wages is required, such determination shall be attached to and made part of the specifications for the work to be completed. The Purchasing Agent shall also specify the prevailing wage for the project in the resolution or ordinance authorizing such work, and also in the invitation for bids.
- d. *Construction Safety Training.*
 - i. *Bid Invitations.* All invitations to bid on the City's public works contracts shall include a notice to bidders that the project is subject to the requirements of Section 292.675, RSMo, which requires all contractors and subcontractors doing work on the project to provide a ten (10) hour course in construction safety and health approved by the Occupational Safety and Health Administration ("OSHA") or a similar program approved by the Missouri Department of Labor and Industrial Relations that is at least as stringent as an approved OSHA program. The invitations to bid shall also require a notice that if on-site employees have not previously completed such training, the training must be completed within sixty (60) days of the date work on the project commences. On-site employees found on the worksite without documentation of the required training will be required to produce such documentation within twenty (20) days.
 - ii. *Contracts for Public Works.* Contracts for public works shall require the following provisions:

1. A requirement for the contractor to provide a ten (10) hour OSHA construction safety program for all employees who will be on-site at the project. The construction safety program must include a course in construction safety and health that is approved by OSHA or a similar program approved by the Missouri Department of Labor and Industrial Relations that is at least as stringent as an approved OSHA program as required by Section 292.675, RSMo.
 2. If any on-site employees had not previously completed a construction safety program, the contractor must require those on-site employees to complete a construction safety program within sixty (60) days after the date work on the project commences.
 3. A requirement for the contractor to acknowledge and agree that any of contractor's employees found on the project site without documentation of the successful completion of a construction safety program will be required to produce such documentation within twenty (20) days, or will be subject to removal from the project.
 4. A requirement for the contractor to require all of its subcontractors to comply with the requirements of this subsection and Section 292.675, RSMo.
 5. A notice of penalties for failure to provide construction safety training in accordance with Section 292.675, RSMo.
14. *Construction Management Services.* If the City determines that it is necessary to enter into a contract for the provision of construction management services, the Purchasing Agent shall direct the appropriate Department Director to select a firm using the requirements of Sections 8.675 to 8.687, RSMo, including specifically Section 8.679, RSMo.
15. *Purchase of Insurance Coverage.*
- a. *Group Life Insurance.* Pursuant to Section 376.696, RSMo, the Board of Aldermen shall not enter into a contract for the purchase of group life insurance unless such contract is submitted to formal bidding pursuant to Section 8 of this purchasing policy every six (6) years, and the contract is awarded to the lowest or best bidder. Renewals of policies between the six (6) year required submission to formal bidding does not constitute a separate and distinct contract for the time covered by the renewal, but instead shall be treated as an extension of the contract entered into as a result of the most recent required bidding process.
 - b. *Health Insurance.* Pursuant to Section 67.150, RSMo, the Board of Aldermen shall not enter into a contract for the purchase of health insurance as a part of the compensation for full-time employees of the City unless such contract is submitted to formal bidding

pursuant to Section 8 of this purchasing policy every three (3) years, and the contract is awarded to the lowest and best bidder.

- c. *Broker.* The bidding requirements for group life insurance and health insurance (collectively, the “insurance”) as stated above may be satisfied through the City’s contract and use of an insurance broker. If the City chooses to use the services of an insurance broker, the insurance broker shall bid the insurance each year, or at a minimum, bid the insurance pursuant to the statutory requirement and provide the results of the bids to the City. The Board of Aldermen shall approve the lowest and best bid.

16. *Depository of Funds.* The City’s depository of funds may only be selected at the Board of Aldermen’s first regular meetings in the months of January, April, July, or October when necessary as provided in Section 95.355, RSMo. If the Board of Aldermen, or the Purchasing Agent with the consent of a majority of a quorum of the Board of Aldermen, determines the necessity to seek a new depository of the City’s funds, the Purchasing Agent shall request an opinion of the City Attorney with respect to the need to submit the matter to the formal bidding requirements as may be required by Section 110.030, RSMo.

SECTION 8. Formal Competitive Bidding.

1. *Notice Inviting Formal Competitive Bids.*
 - a. Notice inviting bids will be advertised once a week for two (2) consecutive weeks in a newspaper of general circulation prior to bid opening in addition to utilizing such media as the Purchasing Agent or his or her designee deems most appropriate to the subject matter of the bid and the applicable timeline available with the objective of encouraging fair and unbiased competition. After the bids are opened in public, the Department Director will review them, prepare a written tabulation of all bids, draft a memorandum with a recommendation for the bid award, and submit the information to the Purchasing Agent’s office for submission to the Board of Aldermen for approval at a public meeting.
 - a. 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.
 - b. *Content and timing of notices.* The notice inviting competitive bids shall be distributed and/or posted at least two (2) weeks 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.

2. *Bid Security Deposits or Surety Bid Bonds.* When deemed necessary by the Purchasing Agent, bid security deposits or surety bid bonds, or both, shall be prescribed in the notice of invitation for bids.
 - a. *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.
 - b. *Enforcement of Surety Bid Bond.* The City shall seek enforcement of a surety bid bond according to its terms.
 - c. *Surety Bid Bonds Federal Register Listing Requirement.* All surety bid bonds must be with companies listed in the Department of the Treasury, Federal Register as surety companies acceptable on federal bonds.
3. *Performance, Labor, and Material Payment Bonds.*
 - a. Where the nature of the contract is such that the Purchasing Agent or the City Attorney 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.
 - b. 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. *Procedure for Receiving and Opening Bids.* The following applies to bids submitted under the formal competitive bid procedure:
 - a. *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.
 - b. *Bid Opening.* Bids shall be opened and read aloud publicly by the Purchasing Agent or his or her duly authorized representative in the presence of the City Clerk or the duly authorized representative of the clerk at City Hall, in the particular room and on the day and at the time stated in the public notices.
 - c. *Bids Recorded.* The City Clerk, or his or her duly authorized representative, shall record in writing the bids opened and read by the Purchasing Agent, or his or her duly authorized representative.
 - d. *Bid Evaluation and Recommendations.* The Purchasing Agent, or his or her duly authorized representative shall evaluate the bids submitted and refer his or her recommendations to the appropriate Department Director, who shall within the shortest

- practicable time, confirm the recommended award or submit objections and suggestions to the Purchasing Agent. 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 this purchasing policy.
- e. *Rejection of Bids.* The Purchasing Agent 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.
 - f. *Recommendation of Bid Award.* The Purchasing Agent 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 subsection (e) of this section.
5. *Factors for Consideration 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. Bid responses containing conditions are not favored.

- 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 includes, 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 satisfying the preference indicated in Section 4 of this purchasing policy.

SECTION 9. Waivers. A majority of a quorum of the Board of Aldermen in its sole and absolute discretion may waive any and all procedural requirements in this purchasing policy if it is deemed to be in the best interest of the City.

SECTION 10. Sale of Equipment or Property.

1. All sales of real and personal property that have become obsolete and unusable and have an estimated value of \$1,000 or more will be declared as surplus property by the Board of Aldermen and shall be sold by using the formal bid method as described in the purchasing procedures and awarded to the highest responsible bidder.
2. The City may sell real and personal property by holding a public auction that has been advertised at least once in a legal newspaper. The property will be awarded to the highest bidder meeting the criteria of the auction.
3. The City may dispose of used equipment by trading it in on new purchases. In this case the net cost of the new equipment less the trade in will be used in the comparison of bids.
4. The Board of Aldermen may declare items of personal property as surplus in which case these items may be offered to another governmental or tax supported agency at lower than market value.
5. Items under \$1,000 may be declared as surplus by the Purchasing Agent and discarded of in the most efficient method available depending on condition, salvage value, useful life remaining and other pertinent factors.
6. Public safety equipment specifically designed for Police operations, including, but not limited to, weapons, armor, communications equipment, etc., shall be offered to other Federal, State or local Police agencies or vendors licensed to deal with such equipment pursuant to Federal and State Statutes.

SECTION 11. Effective Date. This ordinance shall be in full force and effect from and after its passage by the Board of Aldermen, signed by the Mayor, and shall remain in effect until amended or repealed by the Board of Aldermen.

PASSED BY THE BOARD OF ALDERMEN AND APPROVED BY THE MAYOR OF
THE CITY OF RICH HILL, MISSOURI THIS 8TH DAY OF JUNE.

Nathan Kassner, Mayor

ATTEST:

Casey Crews, City Clerk

Ayes: Rich, Bonham, Entrikin

Nays: None