

PRICE MUNICIPAL CORPORATION PURCHASING RULES AND REGULATIONS

ARTICLE 1 GENERAL PROVISIONS

A. The underlying purposes of this policy are:

1. To ensure fair and equitable treatment of all persons and entities who conduct business with Price City (City).
2. To provide for the greatest possible economy in the procurement of goods, materials, supplies, and services.
3. To foster effective broad-based competition within the free enterprise system to ensure that the City will receive the best possible service or product at the lowest possible price.
4. To ensure prudent and justifiable expenditure of tax payers' dollars.

B. Compliance-Exemptions from this policy:

1. This policy shall not prevent the City from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with the law.
2. When procurement involves the expenditure of federal, state, or local assistance funds, the City shall comply with applicable laws and regulations.

C. Definitions:

1. "Business" means any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture, or any other private legal entity.
2. "Change order" means a written order signed by the purchasing agent(s), directing the contractor to suspend work or make changes, which the appropriate clauses of the contract authorize. The change order may include alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provisions of any contract.
3. "Contract" means any agreement made by City for the procurement or disposal of supplies, equipment, services, or construction.
4. "Invitation for bids or quotations" means all documents, whether attached or incorporated by reference, used for soliciting bids or quotations.

5. "Person" means any business, individual, union, committee, club, other organization, or group of individuals.
6. "Procurement" means buying, purchasing, renting, leasing, leasing with an option to purchase, or any other legal means of acquiring any supplies, services, or equipment for the use and benefit of City.
7. "Purchasing agent(s)" means any person(s) authorized by the governing body of the City to procure goods or services for the use and benefit of the City.
8. "Purchase description" means the words used in a solicitation or invitation for bids or quotations, to describe the supplies, services, or equipment to be purchased or otherwise procured, and include specifications attached to or made a part of the solicitation or invitation.
9. "Request for proposals" means all documents, whether attached or incorporated by reference, used for soliciting proposals.

ARTICLE 2
SOURCE SELECTION AND CONTRACT FORMATION-GENERAL PROVISIONS.

A. Budgeted purchases not requiring sealed bids or quotations:

1. A single item costing less than \$2,000 shall not require solicitation of bids or quotations of any type. Purchases shall not be artificially divided so as to constitute a series of small purchases under this section. When purchasing an item costing less than \$2,000, an attempt should be made to solicit at least two quotations. Preferred or pre-qualified vendors may be used for such purchases.
2. Purchases costing more than \$2,000, but less than \$8,000 shall require solicitation of at least two (2) written bids or quotations. All bids and quotations solicited and received shall be documented.
3. Purchases made through the cooperative purchasing contracts administered by the Utah State Division of Purchasing.
4. Purchases made from a single-source specialized provider.
5. Purchases required during an emergency (usually not budgeted); i.e., an imminent threat to the health, safety or welfare of the public. However, as much competition as is reasonably practical should be sought, and such purchases should be limited to amounts necessary for the immediate resolution of the emergency.

B. Purchases requiring sealed bids:

1. Purchases costing \$8,000 or more shall require solicitation of sealed bids or quotations.

2. Contracts to be awarded by competitive sealed bidding except as otherwise provided by this policy.
3. An invitation for bids shall be issued when a contract is to be awarded by competitive sealed bidding. The invitation and bidding documents shall include a purchase description and all contractual terms and conditions applicable to the procurement. Public notice of the invitation for bids shall be given at least seven (7) calendar days prior to the date set forth therein for the opening of bids. The notice may include publication in a newspaper of general circulation.
4. Sealed bids shall be opened publicly by City staff in the presence of two or more witnesses at the time and place designated in the invitation for bid. The amount of each bid and any other relevant information, together with the name of each bidder, shall be announced and recorded. The record and each bid shall be open to public inspection.
5. Bids shall be unconditionally accepted without alteration or correction, except as authorized in this policy. Bids shall be evaluated based on the requirements set forth in the invitation for bids and bidding documents.
6. Withdrawal of inadvertently erroneous bids before or after award, or cancellation of awards or contracts based on such bid mistakes, shall be permitted. After bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the City or fair competition shall be permitted. After the bid award has been accepted by the bidder, any alterations, modifications, additions, or deletions shall be completed through a change order.
7. The contract shall be awarded with reasonable promptness, by written notice, to the lowest responsive bidder whose bid meets the requirements and criteria set forth in the invitation for bids, or to the bidder whose bid best meets the City's need, as explained in the information to bidders.

C. Cancellation and rejection of bids:

Bid proposals submitted pursuant to an invitation for bids may be rejected at the City's sole discretion, in whole or in part, as may be specified in the solicitation, when it is in the City's best interest to do so. Also, the City reserves the right to reject any or all proposals and to waive any informality or technicality in any proposal in the interest of the City. The reasons for rejection shall be made part of the contract file.

D. Use of competitive sealed proposals or quotations in lieu of bids:

When the purchasing agent(s) determines, in writing, that the use of competitive sealed bidding is either not practical or advantageous to the City, competitive sealed proposals may be solicited and contracts may be entered into pursuant thereto. Competitive sealed proposals are most appropriately used in seeking professional, service-type contracts and/or specialized products, methods, or equipment.

1. Proposals shall be solicited through a request for proposals. Public notice of the request for proposals shall be given at least seven (7) calendar days prior to the advertised date of the opening of the proposals.
2. Proposals shall be opened by City staff in the presence of two or more witnesses. Disclosure of contents to competing groups or individuals during the process of negotiation is strictly prohibited. A register of proposals shall be prepared and shall be open for public inspection after contract award.
3. The request for proposals shall state the relative importance of qualifications, reputation, price, and other pertinent evaluation factors.
4. Groups or individuals shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals. Revisions may be permitted after submissions and prior to award for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure by City Staff of any information derived from proposals submitted by competing groups or individuals.
5. Award shall be made to the person or entity whose proposal is determined, in writing, to be the most advantageous to the City, taking into consideration qualifications, reputation, price, and the evaluation factors set forth in the request for proposals. No other factors or criteria shall be used in the evaluation. The contract file shall contain the basis on which the award is made.

E. Architect-engineer services are qualification-based procurement:

Requests for such services should be publicly announced. Contracts should be negotiated by the City based on demonstrated competence at fair and reasonable prices and in accordance with the guidelines set forth in Sections 63-56-142 through 63-56-144 inclusive, Utah Code Annotated, 1953 as amended (UCA).

F. Determination of bidder not being responsible:

A determination of an individual bidder or group not being responsible shall be made in writing. The unreasonable failure or refusal of an individual bidder or group to promptly supply information in connection with an inquiry with respect to responsibility may be grounds for a determination of non-responsibility with respect to the bidder or offeror.

G. Cost-plus-a-percentage-of-cost contracts prohibited:

Subject to the limitations of this section, any type of contract which will promote the best interests of the City may be used, provided that the use of a cost-plus-a-percentage-of-cost contract is expressly prohibited. A cost-reimbursement contract may be used only when a determination is made, in writing, that such contract is more likely than not to be less costly to the City than any other type of contract, or that it is impractical to obtain the supplies, services, or construction equipment required except by using such a contract.

H. Required contract clauses:

1. The unilateral right of the City to order, in writing, changes in the work within the scope of the contract, and changes in the time of performance of the contract that do not alter the scope of the contract work.
2. Variations occurring between estimated quantities of work in a contract and actual quantities.
3. Suspension of work ordered by the City.

**ARTICLE 3
SPECIFICATIONS**

All specifications shall seek to promote overall economy and best use for the purpose intended, encourage competition in satisfying the City's needs, and shall not be unduly restrictive. Where practical and reasonable, and within the scope of this article, local/Utah products shall be given preference.

**ARTICLE 4
APPEALS**

- A. Any actual or prospective bidder, offeror, or contractor who is aggrieved in connection with the solicitation, award, or rejection of a contract may appeal to the purchasing agent(s). An appeal shall be submitted, in writing, within five (5) working days after the aggrieved person knows, or should have known, of the facts.
- B. The purchasing agent(s) shall promptly issue a written decision regarding any appeal, if it is not settled by mutual agreement. The decision shall state the reasons for the action taken and inform the protestor, contractor, or prospective contractor of the right to appeal to the governing body.
- C. The City's governing body shall be the final appeal on the City level.
- D. All further appeals shall be handled in accordance with the provisions set forth in Sections 63-56-159 through 63-56-164, UCA.

**ARTICLE 5
ETHICS IN PUBLIC CONTRACTING**

- A. No person involved in making procurement decisions may have personal investments in any business entity, which will create a substantial conflict between their private interests and their public duties.
- B. Any person involved in making procurement decisions for City is guilty of a felony if that person solicits, receives, or offers to receive any, gratuity, contribution, loan, or

reward, or any promise thereof, either for the person's own use or the use or benefit of any other person or organization from any person or organization interested in selling goods, services or equipment to the City.

ARTICLE 6 PURCHASING PROCEDURES

A. Purchasing

Price City uses an electronic purchase order (P.O.) system.

1. All materials, supplies, parts, equipment, or services shall be received in full and/or completed upon issuance of a purchase order.
2. All orders exceeding \$500 require authorization (initial on purchase order) of the Finance Director.
3. All items purchased must be in conformity with the current department budget.
4. Non-budgeted items or projects costing more than \$2,000 shall be approved by Council.

Each time a purchase is made, the supervisor, or designee will complete a P.O; the vendor should record the P.O. number on each invoice. One copy of the P.O. will be attached to the invoice and submitted to the Finance Department within 48 hours of the purchase, unless it is an open P.O. with a local vendor in which case the P.O. should be submitted within 5 days of the end of the month. A copy of the P.O. should be retained by the department benefiting from the procurement.

B. Petty Cash Purchases

Expenditures from petty cash funds are limited to small incidental items such as insufficient postage, small shipping fees, minor meal reimbursement, etc.

Petty cash funds may **NOT** be used for :

- Employee travel or wages
- Cashing of personal or payroll checks
- Loans (IOUs) to employees or others
- Utility bills
- Registration fees
- Memberships and dues
- Services

The "petty cash fund" is maintained by the City employee designated by the governing body as "petty cashier".

Employees wishing to receive money from petty cash must present an approved "petty cash slip" to the petty cashier. The petty cash slip will contain the date, the amount of cash desired, a description of the expenditure, the account number to be charged, and signature of the supervisor or designee.

The employee receiving the petty cash will be asked to sign the petty cash slip acknowledging receipt of the money. An original sales receipt for the expenditure

must be attached to the petty cash slip; handwritten receipts from the employee are not acceptable.

In cases where petty cash is given to an employee prior to the expenditure being made, the employee must return a sales receipt to the petty cashier within one (1) working day from the date of the disbursement. Petty cash disbursements shall be limited to "\$100.00 per occurrence".

When the petty cash fund becomes depleted and needs to be reimbursed, the petty cashier will summarize, on a petty cash summary sheet, all expenditures made during the period. The individual petty cash slips and other supporting documents will be attached to the summary sheet and forwarded to the Finance Department.

Random and annual audits shall be made of the petty cash fund by the Finance/Accounting Department.

C. Receiving and Inspection of Merchandise:

Each purchasing agent, or designee, shall be responsible for inspecting all purchased merchandise for conformance with the specifications set forth in the purchase order or contract.

Merchandise should be checked for condition, quantity, and quality upon receipt. If there are any problems with the shipment, the purchasing agent, or designee, shall contact the shipper/vendor to resolve the problem.

1. If the merchandise is acceptable, the purchasing agent, or designee, shall sign and date the purchase order and forward it to the Finance Department, together with the packing slip, freight bill, and invoice.
2. If the shipment does not complete the order, the purchasing agent, or designee, will only include received items on the purchase order and forward it to the Finance Department.
3. The Finance Department, upon receipt of the completed purchase order and supporting documents, will match the purchase order with the packing slip and invoice and process it for payment.

D. Emergency Purchases:

An emergency shall be deemed to exist when a breakdown in machinery or essential service occurs or when unforeseen circumstances arise which may affect the life, health, or safety of the Price City citizens. A true emergency usually occurs with the breakdown of equipment while in critical service. The need for emergency purchases due to failure to anticipate normal needs is to be avoided.

In an emergency, the department supervisor, or designee (authorized to purchase), may purchase a needed item if the cost thereof does not exceed \$5,000. If the estimated cost of the needed item exceeds \$5,000, the department supervisor shall notify the Finance Director, or designee, before making the purchase.

If an emergency occurs and the estimated cost to remedy the same exceeds \$5,000, the purchasing agent, or designee, shall, whenever possible, secure competitive quotations and order the needed item(s) from the vendor submitting the lowest quote.

If the emergency purchase occurs after working hours or on a weekend or holiday, the purchasing agent, or designee, shall report the purchase of items over \$5,000 to the Finance Director, or designee, the next working day by submitting a purchase order, a tabulation of quotations, if any, a delivery or sales receipt and a written explanation of the circumstances of the emergency.

E. Disposal of Property:

From time to time there may be occasion to dispose of City property, equipment, supplies, and materials that for some reason are no longer of value to the City and have been declared as surplus. Property declared surplus by the Price City Council should be disposed of in the following ways:

1. Sold to the general public through advertised bid or auction;
2. Traded in on other equipment or goods;
3. Salvaged;
4. Transferred to other departments within the City;
5. Traded to other governmental units for equipment and/or material of like value;
6. Destroyed; or
7. Special handling (hazardous materials).

During each year, a list will be circulated upon which department supervisors shall list surplus items. The completed list will be assembled and re-circulated to all departments and City Council members for review. Interested departments may request reassignment of such items that might be usable in their departments. Where possible, such reassignment should be made.

Those items remaining on the list shall be declared by the City Council to be surplus items and they shall authorize the disposal of said property in one of the approved ways mentioned above.

No one is allowed to retrieve items that have been disposed or are scheduled to be destroyed.