	CITY OF COFFEYVILLE **BOARD OF COMMISSIONERS AGENDA ITEM**	
MEETING DATE	May 28, 2013	
RESOLUTION OR ORDINANCE NUMBER	R-13-49	
AGENDA TITLE	A resolution to implement a new purchasing policy.	
REQUESTING DEPARTMENT	Finance Department	
PRESENTER	Stephanie A. Richardson, Finance Director	
FISCAL INFORMATION	Cost as recommended:	N/A
	Budget Line Item:	N/A
	Balance Available	N/A
	New Appropriation Required:	[ ] Yes [X] No
PURPOSE	Define procurement procedures for each city department to follow and set forth the process for disposing of city assets.	
BACKGROUND	The City of Coffeyville currently operates under Resolution R-05-18 passed on March 8, 2005 which established the standards and guidelines and a code of conduct for the procurement of supplies, equipment, materials and services.	
SPECIAL NOTES	N/A	

ANALYSIS	Upon review of our current policy in comparison to other local communities, it became apparent we needed to enhance our policy to meet the city's current purchasing needs. Staff reviewed purchasing policies from several other local government organizations and used what we considered the best of each to form what is being presented to you for approval. This proposed new policy is a much more comprehensive document providing guidance on purchasing methods, invitations for bids, change orders, cooperative bidding and state contracts, term and supply contracts, professional service contracts, construction contracts, sole source purchases and emergency purchases. This policy provides clarity on what purchases and contracts are taken to the commission for approval and what is approved thru the formulation and approval of the annual budget. This policy also provides direction on the disposal of city assets. This policy will apply to all purchases and contracts entered into by the City.
PUBLIC INFORMATION PROCESS	N/A
BOARD OR COMMISSION RECOMMENDATION	N/A
STAFF RECOMMENDATION	Staff recommends adoption of the resolution.
REFERENCE DOCUMENTS ATTACHED	Purchasing Policy

RESOLUTION NO. R-13-49

A RESOLUTION ESTABLISHING A PURCHASING POLICY FOR THE CITY OF COFFEYVILLE.

WHEREAS, the City acquires goods and services; and

WHEREAS, the acquisition of such goods and services shall be made in a manner and method which provides for the prudent expenditure of City funds and provides for maximum protection of the taxpayer; prevents waste, conflict and impropriety; and

WHEREAS, the policy shall provide for equal access and opportunity in an open and competitive environment to all suppliers with regard to factors related to quality, cost and availability of the goods and services and comply with all applicable federal, state and local laws, rules and regulations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the City of Coffeyville, Kansas, that the following purchasing policy be and is hereby established.

Adopted this 28th day of May, 2013.

_____
David George, Mayor

ATTEST:

_____
Cindy Price, City Clerk

Approved as to Form:

_____
Paul Kritz, City Attorney

CITY OF COFFEYVILLE

SUBJECT	ISSUED BY	EFFECTIVE DATE	REVISION DATE
PURCHASING POLICY	City Commission	05/28/2013	

SECTION 1. GENERAL PROVISIONS

Purpose.
The purpose of this Administrative Policy is to define procurement procedures for each city department to follow based on the type of good or service being acquired and to set forth the process for disposing of city assets. The Administrative Policy shall be effective from and after the date shown above. Any prior Administrative Policies adopted pursuant to this are hereby repealed.

Fundamental Principles. Generally, a good or service should be obtained at the lowest cost, consistent with the quality and service required to maintain efficient operations of City Departments. The quantity of goods purchased is determined through an examination of factors such as the number of units to be used, the period of use, space available, acquisition price, volume discounts, shipping time, obsolescence, and present and expected future availability of an item.

Acquisition of Goods and Services. The acquisition of goods and services by or on behalf of the City of Coffeyville, its agencies, departments, officials and authorized agents, should be made in a manner and method which provides for the prudent expenditure of City funds; provides for maximum protection of the taxpayer; prevents waste, conflict, and impropriety; provides for equal access and opportunity in an open and competitive environment to all suppliers, with regard to factors related to quality, cost and availability of the goods and services; and which comply with all applicable federal, state and local laws, rules and regulations.

Self-imposed Constraints. Even though the City Commission approves a level of expenditures for any given department, that approval, in and of itself, is neither a permit nor a directive to expend funds unless the need exists at the time of purchase and the good or service to be purchased is within the budget limits.

Familiarity with Policy. All personnel of the City responsible for purchases shall become familiar with and follow the City's policies and procedures as they relate to purchasing. Supervisors shall be cognizant of their respective budget limitations and initiate purchases accordingly. It is the responsibility of the individual departments to anticipate requirements and initiate action to purchase goods and services in advance of the time they are needed.

Application.
This policy applies to all purchases and contracts entered into by the City. It shall apply to every expenditure of public funds for supplies and materials by a public department for public purchasing irrespective of the source of the funds. If City staff or resources are used in any manner, this policy shall apply. When the purchase involves the expenditure of federal or state assistance or contract funds, the purchase shall be conducted in accordance with any

mandatory applicable federal and/or state laws and regulations. Nothing in this policy shall prevent any public department from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

Public Access to Purchasing Information.
Purchasing information shall be a public record to the extent provided by state statute and shall be available to the public as provided in such statute.

SECTION 2. DEFINITIONS

CITY COMMISSION – the governing body of the City of Coffeyville, composed of the Mayor and Commissioners duly elected or appointed in accordance with the Statutes of the State of Kansas.

CITY EMPLOYEE – an individual drawing a salary or wages from the City, any noncompensated individual performing personal services for the City or any department, activity, commission, council, board, or any other entity established by the executive or legislative branch of the City; and any noncompensated individual serving as an elected official of the City.

CITY MANAGER – the Chief Administrative Officer of the City appointed on either a permanent or interim basis by the City Commission.

CONSTRUCTION – the process of building, altering, repairing, improving or demolishing any public structure or facility or other public improvement of any kind.

CONTRACT – a legally binding promise enforceable by law, and generally, in writing between the City and one or more outside parties, regardless of form or title for the purchase of supplies, materials, services, professional services and construction.

DEPARTMENT HEAD – the director designated by the City Manager to direct the administration of the department and is charged with certain duties and responsibilities, or his/her authorized representative.

EMERGENCY – those unforeseen circumstances that present an immediate threat to public health, welfare, or safety; or when immediate response is necessary to prevent further damage to public property, machinery or equipment; or when delay would result in significant financial impacts to the City as determined by the Department Head and City Manager.

INVITATION FOR BIDS – all documents, whether attached or incorporated by reference, utilized for soliciting sealed bids.

MODIFICATION – any written alteration to a provision of any contract accomplished by mutual agreement of the parties to the contract.

REQUEST FOR PROPOSALS – all documents, whether attached or incorporated by reference, utilized for soliciting proposals when price is a factor in selection.

REQUEST FOR QUALIFICATIONS - all documents, whether attached or incorporated by reference, utilized for soliciting proposals when price is considered after selection. This is usually applicable for engineering, architectural, consulting and other specialized or technical services.

SCOPE OF SERVICES – a detailed description of the tasks to be performed by the successful bidder.

SPECIFICATIONS – a description of the physical or functional characteristics, or of the nature of a supply, service, or construction item; the requirements to be satisfied by a product, material or process indicating, if appropriate, the procedures to determine whether the requirements are satisfied, and/or the capabilities and performance characteristics that the item must satisfy.

SECTION 3. PURCHASING PROCEDURES

Purchasing Authority and Approval Table.
The following table shows who has the authority to make purchases for their department or division.

Amount of Purchase	Authority for Purchase	Purchase Methods	Authority for Payment
$1 - $100	Employees with Department Superintendent or Department Head authorization	Lowest cost through cost comparisons	Department Superintendent or Department Head Finance Department
$101 - $1,500	Department Head or his/her designee	Telephone quotes Fax quotes Email quotes Informal written bids (2 quotes required)	Department Head Finance Department
$1,501 - $15,000	Department Head or his/her designee	Fax quotes Email quotes Informal written bids (3 quotes required)	Department Head Finance Department
$15,001 – $25,000	City Manager or his/her designee	Fax quotes Email quotes Informal written bids (3 quotes required)	City Manager Finance Department Department Head
$25,001 or more	City Manager or his/her designee City Commission (awarded contracts of $25,001 or above)	Formal written bids Advertised bid Invitation	City Commission City Manager Finance Department Department Head

Purchases of Goods and Non-Professional Services from a Single Vendor, Per Occurrence.
Any agreement for purchases, the duration of which shall exceed one year, shall be subject to annual appropriation approved by the City Commission. The paid invoice/receipt detailing the transaction must be approved and signed by the department head or his/her designee before it is sent to the Finance Department. All purchases are reviewed by the Finance Director and City Treasurer for payment.

Purchases of less than $100.
Purchases of less than $100 can be made by employees with approval by the department superintendent or department head.

Purchases of $101 to $1,500.
Purchases of at least $101 but less than $1,500 may be made by the department head or his/her designee. These purchases require the department to obtain at least two (2) competitive telephone, fax, email and/or informal written quotes, and an additional quote is required if the two quotes are not competitive.

Purchases of $1,501 to $15,000.
Purchases of at least $1,501 but less than $15,000 may be made by the department head or his/her designee. These purchases require the department to obtain at least three (3) competitive fax, email and/or informal written quotes.

Purchases of $15,001 to $25,000.
Purchases of at least $15,001 but less than $25,000 may be made by the department head or his/her designee with City Manager approval. These purchases require the department to obtain at least three (3) competitive fax, email and/or informal written quotes.

Purchases of $25,001 or more.
Purchases of at least $25,001 or more will be awarded by advertised formal competitive sealed bid. Formal sealed bids shall not be required when a request has been submitted in writing to the City Manager stating the reasons that it is not practical or advantageous to call for a competitive bid, and the City Manager has, in writing, approved the request.

Invitations for bids. An invitation for bids shall be issued and shall include specifications and contractual terms and conditions applicable to the purchase. Criteria for evaluation shall be set forth in the Invitation for Bids.

Public Notice. Adequate public notice of the invitation for bids shall be given for a reasonable time, no less than ten calendar days prior to the date set forth therein for the opening of bids. Such notice shall include publication in the official newspaper of general circulation within the community, appropriate trade journals or publications and/or posted on the City's website to allow adequate time for bid preparation.

Bid Requirements. The bid documents shall include:

1) A description of the work to be performed or the product to be purchased.
2) The location where copies of plans, specifications, and other contract documents may be examined.
3) The time and place where bids will be received and time and place where bids will be opened.
4) A statement detailing the evaluation criteria to be used for bid acceptance and evaluation.
5) A statement that the City reserves the right to reject any or all bids and to waive any informalities or irregularities therein.
6) A statement that the City Manager may require that no bidder may withdraw a bid for a period of up to forty-five (45) days after the date and hour set for opening bids, but that a bid may be withdrawn up to twenty-four (24) hours prior to expiration of the deadline for submitted bids.
7) A statement setting forth requirements for bid and performance, labor, materials, bonds, product liability coverage warranty and worker's compensation insurance.

Each bid submitted to the City shall be signed, enclosed in a sealed envelope and filed as stated in the advertisement for the bid. Fax or email bids will not be accepted. The City Manager may waive technical irregularities in the bid requirements in this Purchasing Policy, or in the advertisement of the bids, if the City Manager finds that such waiver does not compromise the integrity of the bidding process.

Late Bids. Bids not submitted by the required deadline are ineligible for consideration and will not be opened.

Bid Openings. All bid openings shall be scheduled with the City Clerk prior to giving public notice of an invitation for bid. Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid, and such relevant information as the City Clerk deems appropriate, together with the name of each bidder, shall be recorded on the bid tab provided by the Department or Consultant. The record and each bid shall be open to public inspection. In the event of good cause, as determined by the City Clerk, bid openings may be postponed.

Bid Acceptance and Bid Evaluation. 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, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria that will affect the bid price and be considered in evaluation for award shall be objectively measurable, such as discounts, transportation and delivery costs, and total or life cycle costs. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluations that are not set forth in the invitation for bids.

Correction or Withdrawal of Bids; Cancellation of Awards. Correction or withdrawal of inadvertently erroneous bids before or after bid opening, or cancellation of awards or contracts based on such bid mistakes, may be permitted where appropriate. Mistakes discovered before bid opening may be modified or withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for bid opening. After bid opening, the following provisions shall apply:

1. A low bidder alleging a material mistake of fact may be permitted to correct its bid, if the mistake is clearly evident on the face of the bid document and the intended correct bid is similarly evident.
2. A low bidder alleging a material mistake of fact may be permitted to withdraw its bid: (1) if the mistake is clearly evident on the face of the bid but the intended correct bid is not similarly evident, or (2) if the mistake is not clearly evident on the face of the bid but the bidder submits evidence which clearly and convincingly demonstrates that a mistake was made, in which case the bidder must show the nature of the mistake and the bid price actually intended.

No changes in bid prices or other provisions of bids prejudicial to the interests of the City or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination made by the City Manager.

Award. The bid shall be awarded with reasonable promptness by written notice to the lowest responsible bidder whose bid meets the requirements and criteria set forth in the invitation for bids, subject to the right of the City to reject all bids. Award contracts of $25,000 and above that were budgeted shall be forwarded to the City Commission for approval and execution of the contract. In the event that a purchase is necessary and is not budgeted, except in an emergency, prior approval of the City Commission to bid the purchase should be received before publication and bidding.

SECTION 4. CHANGES IN SCOPE OF WORK.

Through approval of this policy, a change in scope of work is considered a modification or amendment of an existing contract that alters the project from what was originally envisioned. Except as noted below, any modification or amendment of an existing contract's scope of work that increases the total compensation in an amount to exceed $25,000 must be approved by the City Commission prior to work commencing. Changes in scope that do not cause the total contract amount to exceed $25,000 may be executed by the City Manager.

In certain limited emergency situations, the City Manger shall be given the authority to execute an emergency change of scope. The City Manager shall only execute the emergency change of scope if the work qualifies as an "emergency" and the overall project budget is not exceeded. The emergency change of scope supplemental agreement would be submitted to the City Commission for ratification at the next available meeting.

SECTION 5. CHANGE ORDERS.
Through approval of this policy, a change order is considered a change in the scope of services or cost in a contract where the contractor may request a change order. A change order is an amendment to the contract. The contract amendment should contain the changes in scope of services and/or in cost and must go to the City Commission for approval. Except as noted below, any change order that increases the total contract amount greater than $25,000 must be approved by the City Commission prior to work commencing. Change orders in an amount less than $25,000 may be executed by the City Manager and submitted to the City Commission for ratification at the next available meeting.

In certain limited emergency situations or due to the stage of construction in progress or to prevent a lengthy delay in a project, the Department Head, with the approval of the City Manager, and with notification to the City Commission, can authorize a change order in an amount to exceed $25,000. After authorizing the change order, the change order is prepared and submitted to the City Commission for ratification at the next available meeting. These change orders may involve such issues as additional tasks, deletion of tasks, cost changes and extensions of time.

In the event a series of change orders on a single contract accumulates to an amount in excess of $25,000, all subsequent change orders, regardless of amount, must go to the City Commission for approval.

Exception. Notwithstanding the above, any change order resulting in a decrease of any amount related to any construction, reconstruction, of a project for the City may be approved by the City Manager without further action by the City Commission.

SECTION 6. COOPERATIVE BIDDING AND STATE BID AWARDS.
It is sometimes beneficial to group the City's requirements with the like requirements of other cities, counties or agencies. This results in lower costs to all parties while maintaining the integrity of each entity's bidding requirements.

The State of Kansas bids many common requirements and makes the award results available to any governmental agency. State bid awards enable government agencies to purchase goods and services at a reduced price due to quantity discounts and do not require the bidding process by individual agencies. State bids are considered to meet the sealed bid requirements.

The City may contract directly with other governmental entities for the purchase of items. The City may also participate in, sponsor, conduct or administer a cooperative purchasing agreement whereby items are procured in accordance with a contract established by another governmental entity provided that such contract was established in accordance with the laws and regulations applicable to the establishing governmental entity. These cooperative purchasing agreements shall be authorized by the City Commission.

Additional Commission approval shall not be required for the purchase of any budgeted items from purchasing agreements established by governmental entities with which Commission has previously approved participation. Commission approval will be required for the purchase of unbudgeted items in excess of $25,000 regardless of whether the Commission has approved participation with the governmental entity. Specific unbudgeted items less than $25,000 may be

purchased through an approved cooperative purchasing program provided an alternative funding source within the respective Department's budget is identified in writing to the Finance Director and City Manager.

SECTION 7. TERM AND SUPPLY CONTRACTS.

Term and supply contracts shall be bid following the same procedures established by this policy for other purchases based upon estimated value of contract. The Department Head shall prepare a recommendation of award for City Commission approval for all term and supply and annual contracts over $25,000, based upon the annual value of the contract. In the instance of multiple year contracts, Commission approval is not required for the renewal periods when the requested price increase does not exceed the renewal period increase established in the original contract. All multiple year contracts shall contain a clause which states that the Contractor understands the obligation of the City to pay for goods and/or services under the contract is limited to payment from available revenues and shall constitute a current expense of the City. It shall not in any way be construed to be a debt of the City in violation of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness by the City nor shall anything contained in the contract constitute a pledge of the general tax revenues, funds or moneys of the City. All provisions of the contract shall be interpreted so as to give effect to such intent.

SECTION 8. PROFESSIONAL SERVICES.

Contracts for professional services such as engineering, architectural, consulting and other specialized or technical services shall be obtained through the following process:

1. The Department Head shall prepare a scope of services to determine the format to be used, identify any special requirements, outline a timeline for the project, estimate costs, define roles, and identify potential respondents.
2. Based on the scope of services, the Department Head shall prepare a Request for Proposal or Request for Qualifications, as applicable, designed to ascertain the vendor qualifications, and obtain brochures and any other information which may be used by the selection committee during their evaluation of the proposals.
3. A selection committee shall be established by the Department Head or his/her designee to review the proposals and rate each firm according to the evaluation criteria established in the Request for Proposal/Qualifications. At a minimum, an Administration Department representative shall serve on all selection committees as evaluators. However, in the event the estimated cost of the scope of services in the Request for Proposal/Qualification exceeds $25,000, the applicable Department Head shall serve on the selection committee for that proposal evaluation.
4. A two-step process will be used whereby the selection committee will first rate each proposal received on criteria established in the Request for Proposals/Qualifications. The composite score of the committee will be used to determine the top rated firms, which may be interviewed. If interviews are conducted, the firms are rated after the interviews and a second composite score recorded.
5. Immediately following each of the two steps in the process, committee members shall individually rate the firms and submit their rating sheets to the Department Head or his/her designee. The Department Head or his/her designee will then begin negotiations with the firm receiving the highest score.

6. The Department Head or his/her designee shall prepare a recommendation of award for City Commission approval.

Upon approval of the City Manager, professional services under $5,000 may be exempt from the Request for Proposal and competitive bidding process.

SECTION 9. CONSTRUCTION CONTRACTS.
Construction contracts shall be bid in accordance with the procedures established for other purchase by this policy according to applicable price range.

Construction contracts, supervised by outside consulting services, shall be bid in coordination with the Department Head. A bid package shall be reviewed and approved by the Department Head. Construction contracts shall be prepared by the Consultant. The Consultant or the Department Head, as determined by the Department Head, shall distribute the bid package to potential bidders. The Consultant or Department Head shall schedule a bid opening with the City Clerk where bids will be opened publicly in the presence of one or more witnesses at the time and place designated in the bid package. The amount of each bid, and such relevant information as the City Clerk deems appropriate, together with the name of each bidder, shall be recorded. The record and each bid shall be open to public inspection. The final award of the bid shall be communicated to the successful bidder by the Department Head or his/her designee.

Contract Administration.
A contract administration system shall be maintained by the Department or Consultant designed to ensure that a contractor is performing in accordance with the solicitation, terms and conditions under which the contract was awarded.

SECTION 10. SOLE SOURCE PURCHASES.
A contract may be awarded or a purchase made without competition when, after conducting a good faith review of available sources, it is determined there is only one source for the required product.

Circumstances that require a sole source purchase may include, but are not limited to:
1. No competitive product or availability from only one supplier;
2. The purchase of a component or replacement part for which there is no commercially available product, and which can be obtained only from the manufacturer;
3. The purchase of an item where compatibility is the overriding consideration, such as to maintain standardization or compatibility, or to match materials already in use to produce visual harmony;
4. When supplies or services are available at a discount from a single distributor for a limited period of time;
5. When a specialized consultant or technical services is needed for a project with specific circumstances requiring a unique combination of abilities or expertise to perform the services required;
6. The purchase of a used item;
7. The purchase of a product for trial or testing.

Sole source can refer to the supplier, as well as a product or service. Thus the ability to meet a delivery date or to provide on-call repairs can create a sole supplier condition. Justification for a sole source purchase depends on a needed item being available from only a single supplier under the prevailing conditions. If the item may be obtained from more than one source, price competition shall be solicited.

SECTION 11. EMERGENCY PURCHASES

An emergency condition exists when there is a threat to public health, welfare, or safety such as may arise by reason of floods, epidemics, riots, equipment failure, etc. The condition must create an immediate and serious need for supplies, equipment, materials, and/or services that cannot be met through normal procurement methods and the lack of which would threaten the function of the City government or its programs.

Any department may make emergency purchases when an emergency arises, however with such competition as is possible under the circumstances. Purchases shall be limited to only the quantity necessary to meet the emergency, and in no event shall the contract price exceed commercially reasonable prices.

SECTION 12. GENERAL INSTRUCTIONS.

1. **Local Business Preferences.**
   Goods and services purchased by the City shall be purchased from local merchants and businesses, unless:
   1. Such goods of like quality and services are not available locally; or
   2. The cost of such goods or services plus shipping and handling may be purchased outside the local area at a savings of five percent (5%) or more; or
   3. An emergency exists and such goods or services are not immediately available locally; or
   4. State/Federal requirements are such to require the lowest bid.

2. **Specifications.**
   It is the responsibility of the department to write their specification and establish the quality of the product or service required. Specifications shall be written to require competition at the manufacturer's level when possible. Use of a brand name specification shall include the designation "or an approved alternate." A "no substitute" request must be justified by the department as to why no other brand will meet the need.

3. **Multiple Purchases.**
   Making multiple purchases for the purpose of avoiding the bidding process shall not be permitted and shall be considered a violation of this Policy.

4. **Unauthorized Purchases.**
   The purchase of an item must be made in accordance with the Purchasing Policy and Procedures. Any purchase of item, which does not comply with these procedures shall be considered an unauthorized purchase. Whenever funds have been expended or payment cannot be avoided on an unauthorized purchase, anyone may report the matter in writing to the Department Head or the City Manager for action. Said action may include discipline in accordance with the City's disciplinary policies.

5. **Minimum Insurance and Bonding Requirements for Contract Awards.**
Contract awards shall be made only to contractors that possess the ability to perform successfully under the terms and conditions of a proposed procurement. Contracts awarded shall include the following guarantees, except when an exemption is provided:

1. A performance bond on the part of the contractor for 100% of the contract price for any contract exceeding the sum of $40,000.
2. All construction contractors and subcontractors are to carry Workman's Compensation Insurance for all employees who work on the premises, as well as:
    a. Manufacturer's and Contractor's Public Liability Insurance as appropriate for the project (Minimum requirement - $1,000,000)
    b. Property Damage Insurance to protect them from claims for property damage. (Minimum requirement - $1,000,000)
    c. Any and all additional insurance required by the laws of the State of Kansas.
3. If any subcontracting is let, prime contractors will be required to ensure the subcontractors comply with the provisions of this plan and with all applicable required federal and state regulations.
4. Any insurance requirements required for state and/or federal funds are also incorporated into this document by reference and will be adhered to on such projects.

All proof of insurance and bond documents shall be provided to the City Clerk prior to Contractor beginning work on any City project.

6. **City Attorney Review of Agreements.**
All rental, lease agreements or contracts for goods and services must be reviewed by the City Attorney and be authorized by the City Manager. A copy of all rental, lease agreements or contract requiring payment must also be forwarded to the Finance Department for processing at least thirty (30) days prior to the due date of the first payment.

7. **Municipal Tax Exemption.**
With the exception of Coffeyville Municipal Light & Power, the City is tax exempt as a political subdivision under Section 4221(b) of the IRS Code and K.S.A. 79-3606, except for personal property used in a business setting. Department Heads are responsible for obtaining the latest tax exempt certificate and for remitting it to the appropriate vendor prior to every purchase.

8. **State and Federal Laws.**
The City of Coffeyville will comply with all state statutes, federal laws, and regulations related to local government purchase.

SECTION 13. BUDGET

Annual Budget Approvals.
The City Commission determines expenditure levels through the formulation and approval of the annual budget. In performing this policy-making function, the City Commission establishes a set of goals, priorities and performance standards by which the City organization directs its collective effort toward accomplishing. The adoption of the annual budget is the approval of a level of expenditures necessary to accomplish the goals and objectives that have been established for each City program. With the exception of single expenditures of more than $25,000 or specific Ordinances to the contrary, no further City Commission action is required to initiate purchases within that budget.

Budgetary Control.
Budget review by the Finance Department will be at the section level (e.g. personnel, contractual services, materials and supplies, transfers, capital outlay) for each activity in each fund. An expenditure may not be approved if expenditures have exceeded the total approved for the budget of that Division or Department. Exceptions to this limitation can only be approved by the City Manager.

SECTION 14. LEASE OF REAL PROPERTY.
The City Commission may lease real property which is currently underutilized in order to maximize the return on the property to the City until such time as such properties shall be required for public usage, after following an applicable process which results in a fair market value determination which is financially most advantageous to the City.

Nothing herein shall prevent the City Manager or designated representative from negotiating the lease to a Lessee of any real property that is shown to have a unique value to such Lessee due to its configuration, accessibility or size. The City Commission shall have final approval of all such negotiations and any transaction.

SECTION 15. DISPOSAL OF CITY ASSETS.
K.S.A. 12-101 allows cities to “sell and convey real or personal estate owned by the city.” When an item no longer is needed by a City Department, the respective Department Head should attempt to redistribute the item within City Departments. Should there be no need for the item across City departments, such items may be given to other local governmental agencies, local not-for-profit agencies, or may be sold or traded outside of the City. If sold, departments shall determine an applicable fair market value which is financially most advantageous to the City. Unusable property or parts that have a market value will be sold “as is” through available markets approved by City Management. Usable property which cannot be relocated across City departments will be disposed of in accordance with the following procedures.

1. *Limitations.* Any asset which, at the time of purchase, was paid by City warrant in the amount of $15,000 or more, must receive approval by the City Manager.
2. *Prohibitions.* Under no circumstances will any employee, or family-member of an employee, have access to or ownership of any asset that is being disposed of in accordance with this policy unless such asset is being offered for sale to the general

public and the process for such sale is open to any individual intending to proffer a bid on such asset.

3. *Documents.* All documents will be disposed of in accordance with State policies governing same. Any document which has, or appears to have, historical value will be separated for further examination by officials approved through the Kansas State Historical Society.
4. *Computing Technology.* The IT Department shall be responsible for disposing of City computing technology assets. It is the responsibility of the IT Department and their employees to see that all data residing on any type of storage device is removed from any computing technology prior to the equipment leaving their possession.
5. *Notification.* Prior to transferring or disposing of City assets, each Department Head will determine whether such asset is part of the City's ongoing fixed asset inventory. If so, a complete description of the asset being transferred or disposed of will be sent to the Finance Department.

SECTION 16. ETHICS.

All City employees authorized to conduct purchasing activities on behalf of the City of Coffeyville shall adhere to the highest degree of ethical standards. No employee shall engage in or permit any illegal or improper purchasing practice. Further, any employee having knowledge of any questionable practice shall immediately report this knowledge to their respective Department Head or the City Manager. Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action in accordance with the City's disciplinary policies.

SECTION 17. RESPONSIBILITY FOR ENFORCEMENT.

The City Manager will have the responsibility for the enforcement of his administrative policy. Department Heads will be entrusted with the responsibility of enforcing the policy within their departments.

Approved: _____
Mayor

Date: _____

(Current as of May 2013)