

**VILLAGE OF LAKE BLUFF
PURCHASING POLICIES & PROCEDURES MANUAL**

Effective May 1, 2009

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SECTION 1 GENERAL PROVISIONS**1.1 Purpose**

The purpose of this manual is to specify the appropriate documentation and level of approval that is required to purchase goods and services for use in the Village's operations in compliance with a sound internal control system and applicable State laws and Village policy.

1.2 Scope

This purchasing manual governs all procurements for the Village of Lake Bluff, except as otherwise provided by state law or the Lake Bluff Municipal Code. These procedures include who is authorized to approve various procurements, the pricing determination requirements, the competitive bidding process, requests for proposals, and general requirements applicable to all purchases.

This manual does not apply to the Lake Bluff Public Library or the Foreign Fire Insurance Board. Except as otherwise expressly provided in this Manual, the general provisions of this Section shall apply to the bidding, award, and performance of all bids, proposals, and quotes solicited; all contracts entered into; and all purchases made pursuant to this Manual.

Any dollar amounts used in this Manual shall be gross (before the deduction for) the value of any trade-in of Village property. The procedures in this policy are segregated by the amount and the type of purchase.

1.3 Definitions

For the purposes of this Manual, the following terms are defined as follows:

"Change Order": A change to a contract, made after it has been approved by the Village that alters the term of the contract, the contract price, or the obligations of the parties.

"Competitive Bid": Formal process of obtaining sealed bids from vendors or suppliers for goods or services or both.

"Construction": The process of building, altering, repairing, improving or demolishing any public infrastructure facility, including any public improvements of any kind to real property.

Construction does not include the routine operation, routine repair, or routine maintenance of any existing public infrastructure facility, including structures, buildings, or real property.

"Contract": An agreement, either oral or written, regardless of what it may be called to procure construction, repair and maintenance projects supplies or services. Includes leases and all options or installment contracts.

"Contract Price": The approved price for any contract, and shall be the net of (after the deduction for) the value of any trade-in of Village property.

"Local Vendor": A vendor or supplier located within the corporate limits of the Village.

"Procurement": Buying, purchasing, renting, leasing, or otherwise acquiring any supplies, services or construction. It also includes all functions that pertain to the obtaining of any supply, service, or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

“Professional Services”: Services which due to their nature or complexity require a high degree of intellectual skill or specialized knowledge, experience and expertise such as accounting, architecture, landscape architecture, land surveying, law, medicine, optometry, professional engineering, real estate appraising, or other area of expertise as defined by State law.

“Purchases”: Purchases are differentiated by amount – petty, minor, intermediate and major.

Petty Cash: Minor purchases made by employees on behalf of the Village that are infrequent and are not more than \$75.

Minor Purchases: These are for supplies, services, or other expenses that can be referred to as routine, regular, recurring, common, or customary and do not exceed \$1,000.

Intermediate Purchases: These purchases are similar to minor purchases, although typically less frequent, but are more than \$1,000 but not more than \$10,000.

Major Purchases: These are typically non-recurring, bulk, capital assets, or major improvement purchases and are further segregated by:

- Purchases more than \$10,000 but not more than \$20,000
- Purchases in excess of \$20,000

“Purchase Order”: A written order signed and issued by the Village Administrator or the Finance Director directing a business to provide goods, services, construction or professional services on behalf of the Village.

“Purchase Requisition”: A request by a Department Head for a purchase order to commit available, approved funds for goods or services. The requisition shall include a description, quantity, prices, quotations, and the account number to be charged along with a recommendation of the preferred vendor and forwarded to the Finance Director.

“Quotes or Bids”: Requests from vendors or suppliers for pricing on goods or services or a combination thereof that may be verbal or in writing.

“Receiving Report”: A form used to verify receipt of goods or services and for approval to pay an invoice not requiring a purchase order such as minor purchases or exception items as noted in Section 5 or to pay a partial or progress payment on a purchase order.

“Request for Proposal”: Requests for proposals are typically used for services or purchases that may base vendor selection on criteria other than price alone and/or because the purchase may comprise product specifications, installation, and training components that vary by vendor.

“Request for Qualifications”: Requests from vendors or service providers where professional qualifications and experience are paramount and pricing may be determined by negotiation.

“Sole Source”: A supplier or vendor who is the only available source for a particular product or service. Manufacturers may provide their product to only one vendor within a geographic area.

“Specification”: Any description of the physical or functional characteristics, or of the nature of a supply, service or construction item. A specification may include a description of any requirement for inspecting, testing, or preparing a supply, service, or construction item for delivery.

“Term Contract”: A contract in which a source or sources of supply are established for a specified period of time for specified services or supplies at an agreed upon unit price(s).

1.4 Signing of Contracts

All contracts that commit the Village to more than \$1,000 shall be submitted to the Village Administrator or Finance Director for approval and signature as required under the procedures in Section 4. Contracts below \$1,000 may be signed by a Department Head with the contract forwarded to the Finance Director.

1.5 Tax Exemption

The Village purchases shall be exempt from state retail/occupation taxes by evidence of current tax exemption certificate.

1.6 Binding Effect

No official or employee of the Village shall enter into or amend any contract, or make or cancel any purchase, to which this manual applies except in strict accordance with the provisions of this Manual.

1.7 Splitting of purchase or a contract to avoid bidding or quotation process

The splitting of a purchase or a contract into two or more purchase requisitions for the purpose of avoiding the bidding or quotation process is in violation of State law and Village policy.

1.8 Conflicts with other laws and requirements

In the event of a conflict between this Manual and the requirements of any federal or state law that binds the Village, such federal or state law shall prevail. To the extent permitted by law, this Manual shall not prevent the Village from complying with the terms and conditions of any grant, gift, or bequest.

1.9 Reservation of Rights

The Village reserves the right to accept the bid, proposal or quote that is, in its judgment, the best and most favorable to the interests of the Village and the public; to reject the low bid, proposal, or quote; to accept any item of any bid, proposal, or quote; to reject any and all bids, proposals, or quotes; to accept and incorporate corrections, clarifications, or modifications following the opening of the bids, proposals, or quotes when to do so would not, in the Village's judgment, prejudice the bidding, proposal, or quoting process or create any improper advantage to any bidder, proposer, or quoter; and to waive irregularities and informalities in the bidding, proposal, or quoting process or in any bid, quote, or proposal submitted; provided, however, that the waiver of any prior effect or informality shall not be considered a waiver of any future or similar defects or informalities, and bidders, proposers, and quoters should not rely upon, or anticipate, such waivers in submitting their bids, proposals, or quotes.

1.10 Conflicts of Interest

a. Employees: No employee or the Village Administrator of the Village may be in any manner interested, either directly or indirectly in his or her own name or the name of any other person,

association, trust, or corporation, in any contract with, or the performance or any work for, the Village.

b. Commissioners and Officers: All members of the board of Trustees and all officers, whether elected or appointed, shall comply with the IL Municipal Code, 65 ILCS 5/3.1-55-10, and the Public Officers Prohibited Activities Act, 50 ILCS 105/01.01 *et seq.*

1.11 Gratuities and Rebates

No person associated with the Village shall accept, directly or indirectly, from any person or entity to which any contract has been or might be awarded, any rebate, gift, money, or anything of value whatsoever, except where given for the use and benefit of the Village with the consent of the Board of Trustees.

1.12 Kickbacks

It shall be unlawful for any payment, gratuity, or offer of employment to be offered or made by or on behalf of any subcontractor under a contract to the prime contractor, to any higher tier subcontractor or to any individual associated therewith as an inducement of the award of a subcontract.

Section 2 **PURCHASING PROCESS**

2.1 The Purchasing Cycle

1. Recognize the need.
2. Justify the need.
3. Budget the funds.
4. Initiate the purchase in accordance with the applicable provisions of this Manual.
5. Purchase the product or service.
6. Receive the product or service.
7. Approve for payment.

2.2 Forms Used in Purchasing

- a. The *purchase requisition* is a request for a purchase order.
- b. The *purchase order* is a contract between a vendor and the Village of Lake Bluff.
- c. The *receiving report* is the documentation to confirm receipt of the conforming goods or services and to authorize payment.
- d. The *bid request* is required for purchases of goods or public improvement projects in excess of \$20,000.
- e. The *request for proposal* is prepared by the Village and sent to vendors to request that they submit a proposal to perform specific services as detailed in the request.
- f. The *change order* is required to amend a signed contract.

2.3 Requesting a Purchase Order

A purchase order must be prepared for the following purchases:

- Any purchase in excess of \$1,000, including purchases with an approved contract.
- Any purchase from a source selected by competitive bid, bid waiver or formal quotation.
- Any case where the vendor requires a purchase order.
- Any case where the department head may deem it prudent.

2.3.1 Purchase Order Process

When a purchase order is required, the requesting department shall prepare a purchase requisition and forward it to the Finance Director. It must be remembered that a purchase order is actually a contract between a vendor and the Village. Purchase requisitions should be prepared with accuracy; requisitions must bear as close to the delivered price as possible to avoid any problems in billing. If it is absolutely impossible to list the exact price, an estimated price may be used with the letters "EST" placed above the price. Freight charges should be included on requisitions. If not know, the requisition must state "Plus Freight". Special delivery instructions, "not to exceed" amounts, or other important information should be placed on the purchase requisition.

2.3.2 Confirming Purchase Orders

If the goods have already been received or verbally ordered, the requisition is to be marked "Confirming". A confirming purchase requisition should only be used in the following instances:

- A purchase from a source previously approved through competitive bidding, bid waiver, or quotations.
- Emergency purchases. These confirming purchase requisitions must be accompanied by a memorandum explaining the nature of the emergency.

2.3.2 Approved Requisitions

After approving a purchase requisition, the Finance staff will prepare the original purchase order and remit it to the Finance Director for the appropriate signature. The purchase order is prepared in four copies with distribution as follows:

Yellow copy: Receiving report/Accounts Payable copy

White copy: Vendor copy

Pink copy: Requesting department copy

Gold Copy: Bookkeeping copy

A master list of all issued purchase orders shall be maintained by the Finance Department showing the purchase order number, date of order, vendor, amount, and ordering department.

2.3.4 Disapproved Requisitions

Purchase requisitions are to be forwarded to the Finance Director who may approve or disapprove the requisition. If a requisition is disapproved, the person initiating the requisition is to be notified as soon as possible with the reasons for the disapproval. Some reasons for disapproval may included but are not limited to: a purchase request from an unauthorized

source, the purchase is in excess of budget or ordinance amount, unbudgeted purchase with no authorization, there are no funds available, or item is already in central stock.

SECTION 3 BIDDING PROVISIONS

3.1 Evaluation Criteria

These criteria may include, but are not limited to: compliance of the bid with contract requirements, price, ability to do the work, bidders' facilities and equipment, the bidders' character and reputation, quality of other work performed, bidder's default on other obligations to the Village, future maintenance availability, and any other criteria that the Village, in its judgment, represents the best and most favorable to the interest of the Village and the public.

3.2 Public Works Performance and Payment Bonds

When a contract for public works is awarded, the following bonds or security shall be delivered to the Village and become binding on the parties upon the execution of the contract:

- a. a performance bond satisfactory to the Village in an amount equal to 100 percent of the price specified in the contract executed by a surety company authorized to do business in the State of Illinois; and
- b. a payment bond satisfactory to the Village in any amount equal to 100 percent of the price specified in the contract, executed by a surety company authorized to do business in the State of Illinois, for the protection of all persons supplying labor or materials to the contractor or its subcontractors for the performance of the work provided for in the contract; provided however, that
- c. in lieu of the performance and payment bonds required by Subsections a and b above, for contracts under \$20,000 that do not use funds received from the State of Illinois, the Village may allow the bidder to provide a nondiminishing irrevocable bank letter of credit.

3.3 Bid Security

Each bid shall be accompanied by a proposal guarantee in the amount of ten percent (10%), unless a lower amount, but not less than five percent (5%), is approved by the Village Administrator, of the total amount bid consisting of a certified check, cashier's check, or a bid bond executed by the bidder and a surety company authorized to do business in the State of Illinois. Bid bonds and the proposal guarantee shall be included with the bid documents. If the successful bidder fails to enter into a contract in accordance with the contract documents within ten (10) calendar days from the date of notification that the vendor is awarded the contract, the full amount of proposal guarantee will be retained by the Village as compensation for failure to execute the contract. The proposal guarantee in the form of a check will be returned without interest to the bidder after execution of the contract by the Village. Bonds shall not be returned except upon written request.

3.4 Prevailing Wage Act

This Act, found at 820 ILCS 103/0.01 *et seq.*, for fixed works construction projects requires that the prevailing wages be paid to all laborers, workers, and mechanics performing work under the contract. The most recent Village resolution adopting prevailing wages shall be attached to these contracts.

3.5 Insurance Requirements

Every contractor having any contract with the Village shall be required to maintain such insurance coverage for the duration of the contract, and any warranty periods, as the Village Administrator shall determine, after consulting with the Director of Finance, to be adequate to protect the interest of the Village. The contractor shall name the Village as an additional insured in language as specified by the Village's risk management administrator and shall furnish the Village with satisfactory evidence of said insurance. Such policies shall be in a form, and from companies, acceptable to the Village Administrator. Such insurance shall provide that no change, modification in or cancellation of any insurance shall become effective until the expiration of 30 days after written notice thereof shall have been given by the insurance company to the Village.

3.6 Retention of Bids, Quotes, and Proposals

All bids, quotes and proposals of vendors to whom contract is awarded shall be retained for the duration of the procurement and the applicable statute of limitations for any claims. All other bids, quotes and proposals shall be retained for the longer of: a) at least three years following the end of the fiscal year in which received or b) completion of any construction involved in the procurement, except where otherwise provided by applicable law or policy of the Village.

SECTION 4 – PURCHASING AUTHORIZATIONS AND PROCEDURES

4.1 **Minor Purchases:** These are for supplies, services, or other expenses that can be referred to as routine, regular, recurring, common, or customary in order to perform a job or service and do not exceed \$1,000.

4.1.1 Authorization: Department Heads are responsible for minor purchases and purchase orders are not required. Department Heads may delegate subordinates to make purchases, but they still bear the responsibility for following proper procedures and for receipt of the purchase. Minor purchases made by employees on behalf of the Village that are infrequent and less than \$75 can be paid with a petty cash disbursement upon approval of Department Head or his designee.

4.1.2 Pricing: Although minor buying may be done without a purchase order and without formal prior approval, the responsibility still exists for making the most economical purchases. Spot price checks and surveys must be made from time to time to ensure that the price being paid is the best price available and that the quality meets or exceeds requirements. Minor purchases should be made through the vendor who offers the best usable product at the lowest price.

With everything else being equal between two or more possible vendors, the most local vendor shall have preference. Travel time must be considered in the total cost of an item when making a determination regarding pick-up or delivery of the goods. Accepting deliveries is preferred over picking up where no delivery charges are involved and the need for the item is not immediate. The Finance Director should be contacted for assistance and advice if needed on pricing.

- 4.1.3 Procedure: When receiving an item purchased at a price of \$1,000 or less a receipt or packing slip must be obtained. This receipt is to be attached to a completed receiving report signed by the Department Head or Supervisor and promptly forwarded to the Finance Department. This procedure serves to acknowledge the purchase and verify the authority to pay. When the invoice is received the Finance department employee responsible for accounts payable will match the receipts to the invoice and make preparation for payment. The Finance Director or designee will review all requests for payment.
- 4.2 **Intermediate Purchases:** Similar to minor purchases, are infrequent, and are more than \$1,000 but not more than \$10,000. For the purpose of this Section 4.2 purchases shall include: goods, public works or other improvement projects, and professional services contracts.
- 4.2.1 Authorization: Purchases in this category require the prior approval of the Finance Director upon recommendation of the Department Head. Competitive bidding or formal quotation procedures are not required.
- 4.2.2 Pricing: Requests for purchase in this category shall be directed to the Finance Director by requisition with a suggested vendor. The requesting department shall, wherever practicable, secure at least three (3) competitive quotations before recommending the purchase and vendor. Quotes may be solicited by any one or more of the following methods: direct mail request to prospective vendors; telephone; facsimile; public notice posted at Village Hall or on the Village's website; publication in a newspaper; notice to the local Chamber of Commerce; notice to trade or membership organizations; electronic mail; Internet; and trade catalogs. The Finance Director shall keep a record of all purchases and quotes submitted for purchases over \$1,000. The documentation shall be on or attached to the purchase requisition and shall include: the process used for solicitation of quotes; the names and contract information of vendors solicited for quotes; the responses received from the vendors solicited for quotes; and the reason for selection of the vendor.
- 4.2.3 Procedure: The requesting Department Head shall submit a completed purchase requisition form to the Finance Director before making any commitment to purchase. The requisition shall describe the supplies or services required, include the quotations received, the account number to expense, a vendor preference recommendation, and be approved by the Department Head. In the event that a Department Head feels that a purchase under this category should be made from one certain vendor rather than through quotations, he should state on the requisition to

the Finance Director the reasons for the preference for a certain vendor. If the Finance Director is in agreement, quotations will not be needed. Upon review and approval, the Finance Director shall issue a purchase order. When the items are received or the services rendered a receipt or packing slip must be obtained and attached to the signed yellow copy of the purchase order and promptly forwarded to the Finance Department. This procedure serves to acknowledge the purchase and verify the authority to pay. If a partial order is shipped or services are not completed, the Department Head may authorize payment for goods or services rendered by preparing a receiving report referencing the purchase order number. When the final shipment is verified or the services are complete then the Department Head shall sign the yellow copy of the purchase order acknowledging closure of the purchase order.

4.3 **Major Purchases:** These are typically non-recurring, bulk, capital assets, or major improvement purchases and are segregated by amount and type pursuant to Sections 4.3, 4.4, 4.5 and 4.6.

4.3.1 Purchases more than \$10,000 but not more than \$20,000

For the purpose of this Section 4.3 purchases shall include the purchase of goods or services, public works or other improvement projects, and professional services contracts.

4.3.2 Authorization: Purchases in this category require the prior approval of the Village Administrator. Competitive bidding procedures are not required, but written formal quotations, as detailed in Section 4.2.2, and approval of the Village Administrator is required before such a purchase can be affected.

4.3.3 Pricing: The Department Head shall secure formal written quotations or proposals from the prospective vendors for the item or service pursuant to Section 4.2.2. A quotation waiver can be granted if a Department Head feels that a purchase under this category should be made from one certain vendor rather than through formal quotations. The selection criteria used for formal quotations shall be as set forth in Section 3.1 of this Manual. Circumstances such as these may prompt a Department Head to select a specific vendor: only that vendor supplies the goods or services, the reputation of a vendor, vendor has consistently been the lowest bidder, or at any time a Department Head believes it is prudent and in the best interest of the Village to utilize that vendor.

4.3.4 Procedures: A report on the results of a formal quotation and vendor award recommendation shall be forwarded to the Finance Director for review and to the Village Administrator for his approval along with a complete purchase requisition form. The Department Head must submit a separate request to waive the formal quotation process stating the reasons why and remit the request to the Finance Director. The Finance Director shall forward the request, with a recommendation, to the Village Administrator for his approval.

4.4 Purchases of goods or contracts in excess of \$20,000

- 4.4.1 Authorization: Purchases in this category require the prior approval of the Village Board. Competitive bidding procedures are required as outlined in Section 8 unless a waiver of competitive bid is recommended by the Department Head and the Village Administrator.
- 4.4.2 Pricing: All purchases of a particular item or like types of items exceeding a cost of \$20,000 must be accomplished through competitive bidding procedures, by a bid waiver approved by the Village Board, or by purchase through the State Purchasing, Joint, or Other Cooperative Purchasing Arrangements as described in Section 7.
- 4.4.3 Procedures: The Department Head shall discuss with the Village Administrator the need to make a purchase applicable to this Section 4.4. Upon the concurrence of the Village Administrator, the Department Head shall comply with the competitive bidding procedures explained in Section 8. If a Department Head feels that it is in the best interest of the Village and the public to waive the bid process, a "Bid Waiver Request" must be prepared and submitted to the Village Board for their consideration and approval. Such requests must contain justification and bear the signatures of both the requesting Department Head and the Village Administrator. The Department Head shall prepare a report on the results of the competitive bidding process along with a vendor or other purchasing arrangement recommendation and forward with a Resolution to the Village Administrator for his approval to recommend to the Village Board.

4.5 Public Works or Other improvements In Excess of \$20,000

Any public improvement project which is not to be paid for in whole or in part by special assessment or special taxation, when the expense is expected to exceed \$20,000, shall be constructed either 1) by a contract let to the bidder selected pursuant to all applicable provisions of this Manual after advertising for bids in the manner prescribed in Section 8 of this Manual or the bidding may be waived and the contract awarded by a vote of two-thirds (2/3rds) of the Trustees then holding office, or 2) if the authorized by a vote of two-thirds of the Trustees then holding office, the Village Administrator shall superintend and cause to be carried out this construction of the work or other public improvement and shall employ exclusively for the performance of all manual labor thereon, laborers and artisans whom the municipality shall pay by the day or hour; and all material of the value of \$20,000 or more used in the construction of the work or other public improvement, shall be purchased by contract let to the bidder selected based on the provisions as set forth in this Manual. Upon Board approval, the Department Head shall request a purchase order pursuant to the purchase order process outline in Section 2.3.1.

However, nothing contained in this Section 4.5 shall apply to any Village contract with the federal government or any agency thereof.

4.6 Professional Services Contracts

- 4.6.1 Any contract for professional services, determined by a Department Head or the Village Administrator to require a high degree of professional skill where the ability or fitness of the individual or organization plays an important part, may be awarded to the person or entity whose proposal for the services is most advantageous to the Village as determined by the Finance Director if not greater than \$10,000; the Village Administrator if not greater than \$20,000; or the Village Board if the proposals exceed \$20,000.
- 4.6.2 Requests for proposals for such work may be solicited by a Department Head or the Village Administrator, depending on the level of expenditure, in the manner provided for in Sections 4.2 through 4.4.3 or in such other manner as determined by the Village Administrator to be efficient for the submission and review of such proposals. Contracts for architectural, engineering, and land surveying services shall be selected in compliance with the Professional Services Selection Act, 50 ILCS 510/.01 *et seq.*
- 4.6.3 Services requiring personal confidence or maximum security such as accounting or auditing services, legal services, public safety matters, or maintenance contracts that exceed \$20,000 must be authorized by Board action upon the solicitation of requests for proposal.
- 4.6.4 The opening of proposals shall not be open to the public to avoid disclosure of confidential information to competing professionals or firms. Upon Board approval, the Department Head shall request a purchase order pursuant to the purchase order process outlined in Section 2.3.1.
- 4.6.5 Proposals must include, but need not be limited to, this information:
- a. Type of contract
 - b. Selection criteria
 - c. References
 - d. Due date, time, place, hour
 - e. Detailed description of the services required

SECTION 5 – SPECIAL ITEMS

5.1 Description

Some items are unique and require specific direction on how the purchase of these items will be handled.

5.2 Examples of Special Items

Examples of non-negotiable purchases not requiring a purchase order that should be reviewed by the appropriate Department Head and shall be processed by a receiving report forwarded to the Finance Director include:

- (a) Newspapers and magazine subscriptions (even if in electronic format)

- (b) Membership Fees or Dues
- (c) Training and meeting expenses (requires completed travel authorization and travel expense report)
- (d) Legal Services
- (e) Postage
- (f) Intergovernmental Payments
- (g) Medical, Dental, or Life Insurance Premiums
- (h) General Liability and Workers Compensation Deductibles and Premiums
- (i) Utility Payments for Water, Sewer, Gas, Electric, Telephone, and Cell phones
- (j) Refunds
- (k) Payroll-related Payments (employee deductions, taxes, etc.)
- (l) Petty Cash Replenishments (completed petty cash envelope with disbursement slips enclosed and tallied)

5.3 Gasoline and Oil Products

The Public Works Department Head shall be responsible for the purchase of gasoline products at prices that are competitive. At least annually the public works department will obtain three prices for the product and order from the lowest responsible bidder. A receiving report shall be prepared for purchases of gasoline and oil.

5.4 Travel expenses reimbursement

All overnight travel must be authorized by the Department Head and the Village Administrator in advance of incurring expenses such as registration fees, airline, meals, mileage, and hotel accommodations to attend the conference or training. A Travel Authorization Form shall be completed estimating the total cost of the trip and forwarded to the Village Administrator. To receive reimbursement for travel, training and related expenses a completed Travel Authorization Request, along with receipts, must be approved by the Village Administrator for reimbursement of expenses over \$250.00. Travel for conferences or training, except overnight travel, for a total of \$250 or less must be approved by the Department Head and include receipts.

5.5 Petty cash expenses/disbursements

All miscellaneous expenses that are irregular in nature, where credit is unavailable, or it is impractical to charge the expenses, and do not exceed \$75 may be reimbursed through petty cash.

SECTION 6 – EMERGENCY PURCHASES

6.1 Definition of Emergency purchase

For the purposes of this Manual an emergency condition is described as a condition where the health and/or welfare of the Village residents or staff are affected.

- 6.2 Purchases in excess of \$1,000 but not more than \$10,000
Emergency purchases under this category shall be handled by a memorandum to the Finance Director detailing the emergency and the necessary purchase.
- 6.3 Purchases in excess of \$10,000 but not more than \$20,000
Emergency purchases under this category shall be allowed only if verbally authorized by the Village Administrator. The department head must report the purchase to the Village Administrator by memorandum as expeditiously as possible, relating the full facts concerning the emergency and the costs incurred.
- 6.4 Purchases in excess of \$20,000
If it is found that an emergency condition exists and purchases in excess of \$10,000 must be made to remedy the emergency condition, the department head may make such purchase if verbally authorized by the Village Administrator and the Village President. In the absence of the Village President, the Village Administrator may approve such purchases if verbally authorized by the Chairman of the Committee that has jurisdiction of the situation or, in the absence of the Committee Chairman and the Village President, upon the verbal authorization by any two (2) Board Trustees. The department head must report the purchase to the Village Administrator by memorandum as expeditiously as possible, relating the full facts concerning the emergency and the costs incurred. This report will be sent to the Village Board which shall ratify the expenditure.

SECTION 7 – STATE, JOINT, AND OTHER COOPERATIVE PURCHASING

- 7.1 State Purchasing
Bids for certain items are annually solicited by the Procurement Services Division of the Illinois Department of Central Management Services, Bureau of Support Services. Any unit of government in the state may purchase items based on these bid prices. Purchasing through State Purchasing satisfies the requirement for bidding by State Law or local ordinance even though the purchases may be in excess of \$20,000.
- It is incumbent upon all Village employees to consider State Purchasing before making any purchase. State Purchasing not only satisfies the requirement for competitive bidding, it satisfies the need for quotations, saves time required for shopping around and saves money. Large savings can be realized without sacrificing quality through this mass purchasing technique. State purchasing can be best described as all the governmental bodies of the State of Illinois joining together for what is essentially a central purchasing system.
- When items are purchased through a State Purchasing vendor, the department head requests a purchase order as set forth in Section 4 of this Manual and also submits a copy to the State of Illinois Procurement Division. Typed on this purchase order must be the Vendor Number and the Contract Order Number.

The Finance Director shall keep a complete file on all items available through State Purchasing complete with specifications and prices. The Finance Director should always be consulted before entering into any purchases for these items.

7.2 Joint or Other Cooperative Purchasing

It may also be beneficial to the Village to join with other units of government in securing prices quotations and in competitive bidding. Periodic checks of what others are paying can give department heads an idea as to whether the Village is receiving a good price. Contracts for joint purchasing of construction, repair and maintenance projects, supplies and services with one or more governmental units shall conform to the requirements of applicable law, such as, without limitation, the Governmental Joint Purchasing Act, 30 ILCS 525/0.01 *et seq.*, and the Intergovernmental Cooperation Act, 5 ILCS 200/1 *et seq.*, or be approved pursuant to the exercise of the Village's home rule powers.

7.3 Authorization

State purchases and joint or other cooperative purchases are subject to the authorization limits as defined in Section 4 of this Manual. All purchasing utilizing State, joint, or other cooperative purchasing arrangements require a purchase order for items exceeding \$1,000.

SECTION 8 – THE COMPETITIVE BIDDING PROCESS

8.1 Definition

Competitive bidding process is required for the purchase of goods, services, and public works projects in excess of \$20,000.

8.2 Competitive Bidding Exceptions

The competitive bidding requirements and procedures in Section 8 of this Manual shall not apply to contracts or purchases:

- (a) requiring personal confidence or maximum security, as set forth in Section 4;
- (b) for emergency purchases, as set forth in Section 6;
- (c) for necessary supplies, materials, or work under the control of monopolies, or sole source suppliers;
- (d) involving cooperative and surplus purchasing, as set forth in Section 7;
- (e) refuse and recycling services contracts; or
- (f) that are otherwise exempt under state or federal law.

8.3 General Procedures

The following process is required for a competitive bidding:

- 8.3.1 The requesting department prepares the specifications for an item to be let for bid and submits them to the Finance Director. The Finance Director reviews the specifications and makes any recommended changes to the Department Head.
- 8.3.2 The Department Head arranges the specifications into proper format and prepares the other needed documents to complete the bid invitation package. A bid package will include, but is not limited to, the following documents, as appropriate:
- (a) Invitation for Bidder's Proposals
 - (b) General Instructions to Bidders
 - (c) Special Instructions to Bidders
 - (d) Bidder's Proposal
 - (e) Bidder's Sworn Acknowledgment
 - (f) Bidder's Sworn Work History Statement
 - (g) Form of Bid Bond
 - (h) Request for Additional Information
 - (i) Bidder's Sworn Statement of Responsibility
 - (j) Notice of Award
 - (k) Contract Agreement
 - (l) Contractor's Certification
 - (m) Schedule of Prices
 - (n) General Conditions of Contract
 - (o) Special Conditions of Contract
 - (p) Contract Drawings
 - (q) Specifications
 - (r) Form of Performance bond
 - (s) Form of Labor & Material Payment Bond
 - (t) Prevailing Wage Resolution
- 8.3.3 The Department Head arranges for a bid opening date with the Finance Director. The date must be at least fifteen (15) days from the published notification date. Generally, forty-five (45) days is the preferred length of notification but when appropriate, a longer period shall be approved by the Village Administrator. All competitive bid openings are to be conducted by the Department Head at the Village Hall or other appropriate site at a designated time and date.
- 8.3.4 The Department Head shall be responsible for placing a legal notice concerning the bid in a local newspaper of general circulation at least fifteen (15) days prior to the bid opening. The Department Head is encouraged to publish a notice in the applicable trade publications when appropriate.
- 8.3.5 The Department Head shall send bid invitations to all known responsible vendors on the bidder's list for the particular item as well as to any other prospective bidders. In the case where the bid package may be costly to reproduce, a charge for the package may be assessed.

8.3.6 After the bids have been opened and read, the Department Head shall prepare a tabulation with a recommendation and forward it to the Village Administrator.

8.3.7 Following the awarding of the contract by the Village Board, the Department Head will provide the contract to the successful bidder for signature. All contracts shall be signed by the Village President or the Village Administrator. In addition, the Department Head shall request a purchase order from the Finance Director. Once approved, the purchase order shall be sent to the successful bidder. If the bid for several items or materials to be purchased over a period of time, the Department Head shall notify the successful bidder by letter with a copy to the Finance Director and request purchase orders as the items are obtained or requested.

8.4 Bid Specifications

In all cases, the requesting Department Head is responsible for initial specification preparation for invitations for bids. The Finance Director will assist the department head as needed or requested, but generally the requesting Department Head has the best knowledge of what is needed. However, specifications must not be developed in a manner intended to specifically exclude a potential bidder on a technicality or developed in such a manner that only one bidder is possible. Specifications must be broad enough to invite competition, but not so loose as to invite a potentially low bid on an item that is not desired or not in the best interests of the Village.

8.5 Unacceptable Bids

Bids received by way of a facsimile machine are unacceptable in that they are not sealed bids as prescribed and do not bear the original signature of the authorized agent of the bidder.

8.6 Return of Bids

Bids received after the due date and time are to be returned unopened to the bidder with a cover letter stating the date and time the "Bid" was actually received.

8.7 Bidder Inquiries

Only the Village Administrator or the affected Department Head may respond to bidder inquiries. Answers to an inquiry where the answer is not evident in the bid package will be provided in writing to all bidders by addendum. All responses to inquiries should be maintained as part of the procurement file.

8.8 Change Orders and Contract Modifications

Subsequent to a bid award, changes to the dollar amount of a contract or the total performance time may be found to be necessary.

8.8.1 Valid request for change orders must meet these criteria: the change was not reasonably foreseeable at the time the contract was signed, the change must be germane to the original contract, the change is in the best interest of the Village, and authorized by law.

- 8.8.2 A form for change order requests is contained in the Appendix of this Manual. A change order is required when added to all other changes to such contract would increase the original contract price by more than 5% or \$1,000, whichever amount is less. A change order must be prepared for construction projects regardless of the dollar amount involved or the total time of performance.
- 8.8.3 Any change order, when added to all other changes to the contract, increases or decreases, (a) the original cost of the contract by more than \$20,000, or (b) the time of completion of the contract by 30 days or more must be approved by the Village Board. The Village Administrator shall have the authority to approve change orders that collectively alter the contract by 5% or \$20,000, whichever amount is less, or the total performance time of less than 30 days. The Finance Director shall have the authority approve any change orders where the changes collectively increase the contract by 5% or \$10,000, whichever amount is less, or the total performance time by less than 10 days. Department Heads are authorized to approve change orders where the changes collectively increase the contract by 5% or \$1,000, whichever amount is less, or the total performance time by less than 3 days.
- 8.8.4 Any change order to a public works contract that, when added to all other changes to the contract, increases the original price of the contract or any subcontract by 50% or more, shall require the portion covered by the change order to be resubmitted to bidding or quotations in the same manner as applicable to the original contract or subcontract. 50 ILCS 525/1 *et seq.*
- 8.8.5 Each approved change order form shall be preserved in the contract file. 720 ILCS 5/33E-9.

8.9 Premature Opening of Bids

In the event of a sealed bid being opened prior to the determined date and time for such opening, the person shall immediately submit a written report to the Finance Director stating the time of the premature opening and the circumstances causing such premature opening, and stating as a fact that the information contained in the bid documents has not been disclosed to the public, any potential bidder, or any Village employee.

The prematurely opened bid shall then be sent to the Finance Director along with the written report. The Finance Director shall then notify the affected bidder by the most expeditious means possible. The bidder may, at his option, have the bid returned to him for placement in another sealed envelope or permit the Finance Director to reseal the envelope. In the case of resealing the bid, the Finance Director shall note on the envelope the name of the person as agent of the bidder who has so authorized the resealing of the enveloped, and attach the report submitted by the person who prematurely opening the bid, to the envelope; which shall be retained in the bid file for public inspection.

8.10 Bid List Maintenance

A bid list will be maintained in the Village Administrator's office for all firms requesting a bid package for Village public works projects or purchases that usually exceed \$20,000. All vendors interested in bidding on Village public works projects or purchases that usually exceed \$20,000 are required to submit in writing a request to be on the Village bid list. The vendor must specify the name and address of the company, the contact person, and the type of services or goods that the company provides. The Village shall endeavor to notify any vendor on the bid list of the bid invitation. However, failure to receive such notice shall not invalidate the bid process. The Village reserves the right to remove any vendor from the list at any time or to discontinue using the bid list at any time.

THE PURCHASING PROCESS

