

**CITY OF TONTITOWN**

**PURCHASING MANUAL**

**JULY 2025**

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## CHAPTER 1- INTRODUCTION

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### A. Introduction/Statement of Policy

The purpose of this purchasing manual is to provide the City of Tontitown staff with guidelines and directions for the acquisition of goods and services. When used with good judgment and common sense, the policies and procedures conveyed within will allow the City to obtain required supplies and services efficiently and economically.

The manual is divided into sections dealing with purchasing policies and procedures. The policy sections contain all the purchasing policies reviewed and recommended by the Mayor and Director of Finance and adopted by the City Council which must be adhered to by City employees. The procedures sections provide a “how to” guide for processing purchase requisitions, purchase orders, travel authorization and expense reports and other procedures regarding payment processing.

Employees are expected to read the policy manual and provide their Department Head with feedback regarding the policies and procedures contained within. This manual is designed to be a fluid document and will be modified from time to time to conform with changes in legislation, technology and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for purchasing activities. Employees who need help dealing with specific situations not covered by the manual should contact the Director of Finance for assistance.

The Mayor shall be the final authority regarding enforcement of any of the provisions of this manual. Failure to follow the procedures outlined in this manual may lead to disciplinary action in accordance with the provisions of the City of Tontitown Personnel Policy Manual.

## CHAPTER 2 - PURCHASING POLICIES

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### A. Code of Ethics

All City personnel engaged in purchasing and related activities shall conduct business dealings in a manner above reproach in every respect. Transactions relating to expenditure on public funds require the highest degree of public trust to protect the interests of the City and the residents of Tontitown. City employees shall strive to:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and City policies.
2. To the extent allowed by law, maintain confidentiality at all times.

3. Not accept gifts or favors from current or potential suppliers which might compromise, or have the appearance of compromising, the integrity of their purchasing function.
4. Specify generic descriptions of goods wherever possible in lieu of brand names when compiling specifications.
5. Not allow purchase orders for identical goods or services to be split or variations to City Council approvals to be made in order to circumvent law or established policy.
6. Purchase without favor or prejudice.
7. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.
8. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and selection is based upon the lowest total cost compliant bid.
9. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the Mayor or supervisor to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary in accordance with the City's Personnel Manual.

#### B. Gifts and Gratuities - City Guidelines for Accepting

City personnel should be aware that offers of gratitude from vendors can be designed to compromise objective judgment in product or service selection. Accordingly, it is City policy to observe the highest standards of ethics and to shield the employee, the City and the vendor from any suggestion or appearance of conflict of interest.

No employee shall permit any influence from vendors which could conflict with the best interest of the City or prejudice against the City's reputation. Expenditures of City funds to vendors shall not by intention personally benefit any person officially connected with the City. Employees shall strive to follow the following guidelines:

1. Tangible gifts or gratuities shall not be accepted where their value exceeds any amount set by law, or \$100 per vendor annually, whichever is less. Such gifts in violation of this policy should be returned with a statement of City policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable. Gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or section where the recipient works.

2. Association with vendor representatives at business meals or business organization meetings is occasionally necessary and is neither questionable nor unethical, provided the individual keeps himself/herself free of obligation.
3. Personal loans of money or equipment are not to be accepted by a vendor or an individual associated with a vendor doing business with the city.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, exceptions may be approved by the Mayor.
5. Corporate discounts granted to City employees are acceptable only if they are offered to all City employees and other corporate clients of the vendor.

If in any doubt about the propriety of accepting a gift, the matter should be referred to the Department Head who will, if necessary, discuss the matter with the mayor.

### C. Advanced Approval of City Purchases Required

No employee shall purchase goods or services on behalf of the City without first seeking approval as required by this policy. All purchases require advanced approval of the appropriate Department Director and the Mayor in accordance with the guidelines described below:

<u>Dollar Limits</u>	<u>Required Approvals</u>
\$0.00 - \$1,500	Supervisor or Department Head
\$1,501- \$2,000	Department Head
\$2,001 -\$19,999	Department Head and Mayor
\$20,000 & Above	City Council

Approval for purchases shall occur before the purchase is made. At the discretion of the Department Director, approval levels for Supervisors may be increased to an amount not to exceed the Department Director's authority. In addition, the mayor can delegate approval authority to a Department Director at their discretion in the event they are unavailable to approve purchases.

## CHAPTER 3 - COMPETITIVE QUOTES & EXCEPTIONS TO THE POLICY

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### A. General Policy for Soliciting Quotes

Employees are responsible for obtaining quotes for purchases of services and products in the instances outlined below. When submitting a purchase request prior to purchase, quotes shall be attached to a Purchase Request Form (see Purchase Request Exhibit) and returned to the appropriate department for a purchase order to be generated after signatures are obtained. Requests submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g. sole source, emergency, standardized vendor etc.) will be returned to the originator without approval.

<u>Up to \$1,500</u>	Employees are encouraged to seek verbal quotes at least once a year.
<u>\$1,501 - \$4,999</u>	Three verbal quotes must be obtained, if possible. The quotes must be included on the Purchase Request Form. Physical records regarding the dates, contacts, and quotes received shall be retained in the department's files for auditing purposes.
<u>\$5,000 – Statutory limit</u>	Three written quotes must be obtained, if possible. The quotes must be listed on the Purchase Request form and copies of the quotes attached to it. Hard copies shall also be retained in the department's files for auditing purposes.
<u>Statutory limit and above</u>	Must be competitively bid in accordance with state law and City ordinances (current limit is \$42,921). See Ark. Code Ann. § 14-58-303(b)(3). City Council approval is required for all contracts of this dollar amount.

\*Ark. Code. Ann § 14-58-104 sets forth commodity purchases that do not requires formal competitive bidding.

Supplies purchased more than once during a fiscal year (e.g. forms, copier supplies, etc.) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive.

A City Council member, official or employee shall not be interested, directly or indirectly, in the profits of a contract for supplies, equipment or services to the City. Ark. Code. Ann. § 14-42-107(b). Wherein the City deems it necessary to do business with a Council member, official or employee, the City Council must first adopt an ordinance to permit the transaction in accordance with Ark. Code. Ann. § 14-42-107(b)

## B. Joint Purchasing

### State of Arkansas

City employees are authorized to obtain goods and services using the State of Arkansas Purchasing program. When available through the State program, it may not be necessary for City employees to obtain quotes or to competitively bid the goods or services which are sought. Employees should direct questions about when to obtain quotes or competitive bids should to a Department Head or the City Attorney. Employees shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the City's needs and that pricing is competitive.

### Other Units of Government

Employees are permitted to purchase items jointly with other units of government when the price of the goods or services sought is competitive and the quality meets the City's standards. Prior to initiating the transaction, employees shall seek the approval of the Department Head or Director of Finance.

Questions regarding joint purchasing opportunities should be directed to the Director of Finance.

## C. Sole Source Purchases

Contracts for parts, supplies or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

1. Equipment for which there is no comparable competitive product or is available only from one supplier
2. Public utility services from natural or regulated monopolies
3. A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer
4. An item where compatibility is the overriding consideration, such as computer software
5. A used item, for example, a television transmitter tower, that becomes immediately available and is subject to prior sale

These items shall not be subject to requirements for seeking competitive quotes or bids. However, purchases in excess of the statutory bidding limit shall be presented to the City Council prior to acquisition with a request to waive bids, approve the purchase and enter into a formal contract.

#### D. Emergency Purchases Policy

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety. In the event of an emergency affecting the public health and safety, the mayor or his/her designee may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation. Documentation of the emergency and the need for immediate action shall be presented to the City Council in a reasonable period of time following resolution of the crisis.

The following procedures shall be followed in the event an emergency purchase order is needed: An emergency purchase order can be used authorizing a vendor to perform any and all work necessary only if the public health, safety, and services could be affected. The Department Director will issue an emergency purchase order to the vendor. If the emergency and the need for immediate action exceed \$10,000, documentation shall be presented to the mayor or his/her designee prior to such authorization.

After the emergency has been resolved, the Department Head shall submit a purchase requisition for the goods purchased. The Department Head shall explain the need for the emergency purchase order and reference the purchase order number that was issued to the vendor.

The Director of Finance will then add the requisition to the emergency purchase order.

#### E. Competitive Bidding Exemption

When, in the ordinary course of City business, no single purchase of, or individual contract for, specific types of supplies, materials or services exceeds the statutory bidding limit, but the total dollar value of all purchases and/or contracts for said specific types of supplies, materials, or services during the City's fiscal year does exceed said amount, said purchases may not be subject to the competitive bidding requirement and may not require the City Council to waive the competitive bidding requirement. At his/her discretion, the Mayor shall determine whether these purchases require City Council approval of a waiver of bids. Where a bid waiver is determined to not be necessary, said purchases shall still be subject to the requirements of Chapter 3, Section A of this manual concerning quote solicitation for purchases under the statutory bidding limit.

It is not the intent of this subsection to encourage the circumvention of the bidding requirements and, to the extent practicable, City staff is encouraged to rely upon the competitive bidding process. Rather, the competitive bidding exemption provided by this section is intended to recognize and address those situations in which a competitive bidding requirement is not necessarily practicable and can be eliminated without jeopardizing the City's ability to obtain a low and competitive price from a qualified responsible contractor/vendor.

## CHAPTER 4: COMPETITIVE BIDDING & REQUESTS FOR PROFESSIONAL SERVICES

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### A. When a Formal Bid Is Required

All purchases of goods, equipment or services exceeding the Arkansas statutory bidding limit, except as noted in Chapter 3, Section E, shall be subject to the competitive bidding process, including a Notice of Municipal Letting for Council approval, and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible bidder or any other bidder whom the City Council deems to be in the best interest of the City.

Except for bids for capital projects, all bids shall be issued using the City's standard bid document.

### B. Preparing the Bid Document

1. It is the responsibility of the respective departments to prepare the bid document. When preparing the bid document, each department shall be responsible for obtaining a bid document number from the Executive Assistant and for ensuring that the most recent version of the bid document has been used.
2. All bid documents must contain the following information:
  - Cover memo (includes signature line for City Manager approval)
  - Table of Contents
  - Notice to Bidders
  - General Terms, Conditions and Instructions
  - Specifications of the item/service
  - Bid Proposal Form
  - An appropriate sample contract (required if the bid is for goods, services, construction services, or goods and installation services)
  - All contractor certification forms (e.g. sexual harassment, tax compliance, contract execution) (Execution of these documents would be at the signing of the contract phase)
3. After the bid document has been prepared, it must be reviewed and approved by the applicable Department Director and Mayor. Then a "Notice of Municipal Letting" memo explaining the project and asking to go out for bids, including bids specs if possible, must be approved the City Council.

4. The Assistant to the Mayor will be responsible for forwarding the legal notice to the newspaper for publication. A legal notice of the bid must be placed in a newspaper with a general circulation in the City at least fifteen (15) days prior to the bid opening
5. The Department Director will mail the approved document to prospective bidders. Bid documents should not be mailed to bidders before the ad is placed in the newspaper. This will help ensure that all prospective bidders have the same amount of time to complete the bid document.

### C. Additional Requirements for the Bid Document

1. Bid Bonds, etc. -A bid bond, cashier's check, certified check, or other approved security in an amount equal to 5% of the bid is required to guarantee the successful bidder will sign a contract in the following instances: 1) the bid is for a construction project, 2) any other bid for which the Director of Finance deems it necessary to protect the interest of the City.
2. Performance Bond - When preparing the bid document, departments should consider whether to require contractors to provide a performance bond if awarded the contract. In instances where the bid is for construction services or significant building improvements, it is customary to require the contractor to provide a performance bond. A performance bond, issued by a surety company, stipulates a legal, written obligation to guarantee 100% payment for any financial loss caused by default of the contractor. When assigned to the City of Tontitown it grants an assurance as to the performance and successful completion of the terms of the contract and guarantees payment of the taxes, licenses or assessments associated with the contract. The contractor shall provide the performance bond with the appropriate Labor and Material Bonds within ten (10) calendar days of award of the bid. Bonds required to guarantee performance and payment for labor and material for the work shall be in a form acceptable to the City and shall provide that they shall not terminate on completion of the work, but shall be reduced to ten percent (10%) of the contract sum upon the date of final payment by the City for a period of one (1) year to cover a warranty and maintenance period which Contractor agrees shall apply to all material and workmanship for one (1) year from the date of issuance of the final payment by the City.
3. Insurance - Contractor agrees to provide and maintain certificates of insurance and endorsements evidencing the minimum insurance coverage and limits set forth below during the term of the contract. Such policies shall be in force and from companies acceptable and satisfactory to the Owner to afford protection against all claims for damages to public or private property, and injuries to persons, arising out of and during the contract term. A copy of the certificate of insurance and endorsement section of the insured's policy shall name the City of Highland, its officers, agents, employees, representatives and assigns as additional insured. The policy of insurance shall contain no provisions that invalidate the naming of the Owner as additional insured. The insurance coverage and limits set forth below shall be deemed to be minimum coverage and shall not be construed in any way as a limitation on Contractor's duty to carry adequate insurance or on Contractor's liability for losses or damages under this Contract. The minimum insurance

coverage and limits that shall be always maintained by the Contractor and his sub-Contractors while providing, performing, or completing the Work are as follows:

- a. Worker's Compensation: The Contractor is required to carry, with a company authorized under the laws of the State of Arkansas, a policy for protection against liability under the Worker's Compensation and the Occupational Disease Statutes of the State of Arkansas with limits of not less than \$500,000 per claim.
- b. General Liability: The Contractor shall carry a comprehensive general umbrella liability policy for all operations with limits of not less than \$1,000,000.00 each accident for bodily injury liability and not less than \$1,000,000.00 each accident for property damage liability.
- c. Professional Liability Insurance: The Contractor shall carry minimum of \$500,000.00

All such insurance must include an endorsement whereby the insurer agrees to notify the Owner at least 30 days prior to non-renewal, reduction, or cancellation. The Contractor shall cease operations if the insurance is canceled or reduced below the required amount of coverage. All costs for insurance as specified herein will not be paid for separately but shall be considered as incidental to the Contract.

4. Additional Documents Required At the Signing of the Contract Phase-The following forms must also be attached in order to be an acceptable: Hold Harmless and Indemnity Agreement, Certificate of Compliance with the Substance Abuse Prevention Program Certification, Certificate that the Contractor is not barred from Contracting with Unit of Local Government Because of Conviction of an Offense Related to Bidding, and a Certificate on Non-Delinquency of Tax.
5. Bid Submittal - All companies or individuals who wish to bid on a good or service must submit their bids in a sealed envelope before the deadline of the bid. Upon receipt of a sealed bid, the City employee will initially stamp the date and time of receipt on the outside of the envelope. The sealed bid will be forwarded to the Finance Department.

If bid documents are to be distributed at the City Hall, the front desk personnel must be supplied with at least 3 copies (or more depending on the number of bidders expected) of the bid document.

6. Pre-Bid Conference - If a pre-bid conference is conducted, departments should specify in the Notice to Bidders whether attendance is a mandatory condition of bidding. At the pre-bid conference, the responsible department should ensure that all attendees sign a "sign-in" sheet to ensure compliance with this requirement of bidding. Failure to attend a mandatory pre-bid conference shall disqualify a bidder from being awarded the contract unless, at the department's discretion, bidders are allowed to not attend by signing a waiver.

## D. Bid Opening Procedures

All sealed bids shall be publicly opened by the Department Director or his / her designee at the time stated in the legal notice. At least one other employee shall serve as a witness and tabulate the bid results. All proposals shall be open to public inspection and a tabulation of all bids shall be available from the Department Director. The following procedures must be completed prior to the bid opening:

1. If the bid opening is conducted at the City Hall, the originating department shall be responsible for reserving a conference room for the day and time. This can be done by contacting the Executive Assistant.
2. All bids must be received before the deadline on the day of the bid. Each bid shall be marked with the initials of the City recipient and a date and time of receipt of the bid document. City Hall front desk personnel should be notified of the time and place of the bid opening for that day and reminded that any bids received after the deadline for accepting bids should be labeled "Not received in time" on the bid document and initialed and marked with the date and time of receipt.
3. A bid tabulation form must be completed. The outline of the bid proposal form may be used to do this. During the bid opening, both the person opening the bids and the person tabulating the bids must sign the bid tabulation sheet as witnesses.

If bid security is required, it shall be forwarded to the Department Director immediately following the bid opening. Procedures for depositing and returning bid security is described below in subsection E.

## E. Post Bid Opening Requirements

After the bid opening has taken place, the Department Director shall prepare a memorandum that explains the purpose of the bid, includes the names and addresses of the companies who submitted bids as well as the amount each company bid, and recommends which company should be awarded the bid. The recommendation should be based on the following:

- The ability, capacity, and skill of the bidder to perform the contract to provide the service required
- Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference
- The character, integrity, reputation, judgment, experience and efficiency of the bidder
- The quality of performance of previous contracts of services

- The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service
- The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service
- The quality, availability, and adaptability of the supplies or contractual service to the particular use required
- The ability of the bidder to provide future maintenance and service for the use of the subject of the contract
- The number and scope of conditions attached to the bid
- Responsiveness to the exact requirements of the invitation to bid
- Ability to work cooperatively with the city and its administration

1) Past records of the bidder's transactions with the City or with other entities as evidence of the bidder's responsibility, character, integrity, reputation, judgment, experience, efficiency and cooperativeness.

Once approved by the Department Director, their memo recommending award of bid should be given to the Executive Assistant in the Mayor by the Thursday of the week preceding the week of the City Council meeting to be placed on the City Council's agenda.

Apart from contracts let through an engineering contract, all bid files shall be maintained by the Department requesting the bid. After the issuing department has prepared the City Council agenda item, the bid file shall be sent to the Executive Assistant along with the bid packages, original bid tabulation sheet, and all other documentation. After Council approval, the bids will be stored in the Office of the Executive Assistant where they can be accessed when necessary (State law requires bid files to be maintained for ten (10) years following the bid opening). The signed contract will be forwarded to the Executive Assistant for safekeeping after it is received.

Signed contracts, certificates of insurance and performance bonds must be obtained from the contractor before work begins. It is the responsibility of the applicable department to ensure that the City's contract has been signed, and certificate of insurance and performance bond obtained before work begins.

The Department Director associated with the bid shall be responsible for handling bid deposits. If a bid deposit was required, it must be returned to all except the three (3) lowest responsive and responsible bidders on each contract within fourteen (14) calendar days after the opening of the bid and within 24 hours of when the award letter is mailed. The bid deposit of the accepted bidder is to be returned only after acceptance by the City of satisfactory performance bond where such bond is required or completion of contract where no performance bond is required. The remaining bid deposits of each contractor should be returned within fourteen (14) days after the City Council has awarded the contract.

## F. Waiver of Competitive Bidding – Sole Source

The City Council, by a two-thirds vote of all the Council members, may waive the bidding procedures and enter into a contract or agreement. Requests for bid waivers shall be made only as allowed by state law, where standardization is necessary or desirable (e.g. furniture), in emergencies as defined in this manual or when it is in the best interests of the City to do so. In any instance, a statement justifying the need for a bid waiver should be included in the department's recommendation and accompany the memo for inclusion on the City Council's agenda.

## G. Requests for Professional Services

Some contracts, by law, cannot be awarded by competitive bidding. Examples include, but are not limited to, contracts for the services of individuals possessing a high degree of professional skill where the education, experience or character of the individual is a significant factor in determining their ability to meet the City's needs. These contracts are referred to as "Professional Services" and are outlined in Ark. Code. Ann. § 19-11-801 et seq.

The city is required by law to follow specific procedures when hiring a a professional service, such as an attorney. Architect or engineer. Theses procedures below must be followed unless 1) an emergency exists and an attorney, architect, or engineer must be selected in an expeditious manner, or 2) when the cost of such services "is expected to be less than \$20,000." If none of these conditions apply, the City must solicit proposals and adhere to the following requirements:

1. Public Notice. Permitting firms engaged in the lawful practice of their professions to annually file a statement of qualifications and performance data with the city. The City must also 1) mail a notice requesting a statement of interest in the specific project to all firms who have a current statement of qualifications and performance data on file with the City and 2) place an advertisement in a local newspaper of general circulation throughout the City, requesting a statement of interest in the specific project and further requesting statements of qualifications and performance data from those firms which do not have such a statement on file with the City. Such advertisement shall state the day, hour and place the statement of interest and the statements of qualifications and performance data shall be due.
2. Selection Procedure. The City must evaluate the firms' submitting letters of interest, taking into account qualifications as set forth in Ark. Code Ann. § 19-11-803, specifically:
  - (1) The specialized experience and technical competence of the firm with respect to the type of professional services required;
  - (2) The capacity and capability of the firm to perform the work in question, including specialized services, within the time limitations fixed for the completion of the project;
  - (3) The past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules and deadlines; and
  - (4) The firm's proximity to and familiarity with the area in which the project is located.

The City may conduct discussions with and require public presentations by firms deemed to be the most qualified regarding their qualifications, approach to the project and ability to furnish the required services.

3. On the basis of evaluations, discussions and presentations, the City shall select no fewer than three (3) firms, when possible, which determine themselves to be the most qualified to provide services for the project and rank them in order of qualifications to provide services regarding the specific project. The City shall then contact the firm ranked most preferred and attempt to negotiate a contract at a fair and reasonable compensation, taking into account the estimated value, scope, complexity, and professional nature of the services to be rendered. If fewer than three (3) firms submit letters of interest and the City determines that one or both of those firms are so qualified, the City may proceed to negotiate a contract.
4. Contract Negotiation. The City shall prepare a written description of the scope of the proposed services to be used as a basis for negotiations and shall negotiate a contract with the highest qualified firm at compensation the City determines in writing to be fair and reasonable. In making this decision, the City shall consider the estimated value, scope, complexity and professional nature of the services to be rendered.
5. If the City is unable to negotiate a contract with the preferred firm, negotiations with that firm shall be terminated. The City shall then begin negotiations with the firm which is next preferred. If the City is unable to negotiate a contract with that firm, negotiations with that firm shall be terminated. The City shall then begin negotiations with the firm which is next preferred.
6. If the City is unable to negotiate a satisfactory contract with any of the selected firms, it shall reevaluate the architectural, engineering or land surveying services requested, including the estimated value, scope, and complexity and fee requirements. The City shall then compile a second list of not less than three qualified firms and proceed in accordance with these procedures.

If a contract is used other than the City's standard contract, the following items should be included: indemnification, insurance, and venue. This language can be obtained from the Director of Finance or the City Attorney.

If, after reviewing these procedures, employees have questions regarding which services are exempt, they should contact the City Attorney for clarification.

## CHAPTER 5 - METHODS OF PAYMENT PROCESSING

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### A. Regular Purchase Orders

Apart from purchases processed with a blanket purchase order (see description below), all purchases shall require the issuance of a regular purchase order to the vendor before an order for goods or services is filled. No employee shall have the authority to purchase items on the City's behalf without first entering a purchase requisition and obtaining the required approvals from supervisory staff. The City will not issue "confirming" purchase orders. Purchase orders will be required for all items purchased inside the city that exceed \$1,500 individually or in aggregate. Employees shall be responsible for planning for purchases exceeding \$1,500 in advance and should allow sufficient time to have a requisition processed and purchase order issued and mailed or faxed to the vendor. Apart from emergency purchase orders, the Department of Finance will not issue purchase order numbers in advance unless a requisition has been processed and has received the necessary approvals. Receiving tickets will need to be turned into the Finance Department as soon as possible after the item or items are received with the receiving date clearly marked.

All payments for services shall require a valid W-9 and a valid Arkansas sales tax number, if applicable.

### B. Change Orders to Regular Purchase Orders

After a regular purchase order is issued to the vendor, it may become necessary to change it to include additional quantities, shipping costs, etc. When this occurs, the employee who completed the original requisition shall process another requisition for the change order. The employee shall note the original purchase order number for which the change is being made and explain briefly the need for the change. Please note that changing orders to original contracts of \$20,000 or more requires the prior approval of either the Mayor or City Council. For more information, please refer to the financial policy on change orders included in this manual.

### C. Confirming Purchase Orders

Except in the case of emergency purchase orders, the City will not issue confirming purchase orders to vendors.

### D. Prepayments

The city will not pay for goods and services until the goods are received or the service is rendered.

Exceptions:

1. Approval by the Director of Finance or Mayor.

#### E. Manual Checks

Manual checks are interim checks issued to vendors as payments for goods delivered or services performed. The checks are issued between normal accounts payable cycles when an emergency or other extenuating circumstance as determined by the Finance Department makes it impractical or unreasonable to process the payment following normal payment methods.

#### F. Accounts Payable (purchases made without purchase orders)

Purchase orders are the preferred method of payment for most City transactions. However, in the following instances, payments will be made without purchase orders, after approval from the Department Director or Supervisor:

1. Recurring monthly bills (i.e. phone bills, utility bills, etc)
2. Credit Card Payments
3. Reimbursements to City employees for expenses incurred

The city will make every effort to pay invoices in a timely manner in order to receive any discounts available.

#### G. Local Vendors

Any items purchased from a local vendor may be charged to the City account with the vendor giving the employee a copy of the ticket for the item purchased (some places do not give tickets). The employee will need to put an account number on the ticket, sign it clearly, and submit it to the Supervisor. The Supervisor shall signify approval with initials, indicate account number, and submit it to the appropriate departmental payable processing staff or Finance Department. Accounts Payable processing staff will match the tickets with the statement and set them up for payment. A listing of local vendors utilized can be obtained from the Finance Department.

## CHAPTER 6 - MISCELLANEOUS PURCHASING POLICIES & GUIDELINES

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### A. Change Order Policy

City Council approval of all change orders for \$20,000 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$20,000 is required. The following financial policy is consistent with this statute.

Change orders which increase or reduce the time for completion of the contract by more than 30 days (regardless of the original contract price) require City Council approval. In these instances, departments shall follow the procedures for submitting change orders to the City Council outlined above.

It shall be the responsibility of each Department Director to ensure that all change orders are submitted to the Mayor for City Council approval. In addition, Department Directors shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

Changes to professional service contracts (e.g. engineering, architectural or land surveying work) shall be treated as contract amendments.

### B. Procedures for Submitting Change Orders to the City Council

Change orders requiring City Council approval shall be placed on the City Council's agenda and shall be accompanied by a memorandum explaining the need for contract revision. If a change order for less than \$20,000 is submitted to the City Council for approval, departments shall explain that City Council approval is necessary because the total value of all change orders exceeds \$20,000.

Change orders shall be numbered sequentially and shall bear the signature of the Department Director. In instances where a final balancing change order (regardless of the amount) reduces the contract price, departments shall instruct Finance to close out the remaining encumbered funds.

In special circumstances, a change order requiring City Council approval may be authorized by the mayor to being placed on the City Council agenda. After receiving authorization, however, the department, following the requirements outlined above, shall have the change order placed on the City Council's agenda for the following meeting.

### C. Disposal of City Property

City property of value may not be sold or traded without prior approval of the City Council.

If the item has value, notify the Finance Department to determine if the item needs to be removed from the City's records. Include information identifying the equipment to be disposed, the name of the manufacturer, model number, serial number, and an estimate of salvage value if applicable. The Finance Department is authorized to transfer usable surplus materials to another department requesting such materials, or to approve disposal of the property where appropriate. The Department Director shall consult with the City Attorney, and when necessary shall have an ordinance prepared for the City Council agenda recommending disposal of the property.

In instances where City property no longer has value, departments may dispose of the property without in accordance with law. However, the Finance Department need to be notified to determine if the item needs to be removed from the City's records. Include information identifying the equipment to be disposed, the name of the manufacturer, model number, serial number.

### D. Purchases Near the End of the Fiscal Year

When purchases are made near the end of the fiscal year (i.e. December 31), departments shall be responsible for ensuring that they are expended (i.e. charged) against the fiscal year in which they were received. The date goods are received, or services are performed determines which fiscal year they are expended against. Consequently, goods and services will be expended in the current fiscal year only if they are received or performed by December 31<sup>st</sup>. This is true regardless of when the purchase requisition is processed, or the purchase order is issued. Items not received by December 31 will be expended in the next fiscal year.

PURCHASE REQUEST

Item \_\_\_\_\_ Date \_\_\_\_\_

Department \_\_\_\_\_ Employee \_\_\_\_\_  
\_\_\_\_\_

Account Number \_\_\_\_\_

<u>Company</u>	<u>Address</u>	<u>Quote</u>
1.)		
2.)		
3.)		

Company recommended for purchase \_\_\_\_\_

If low quote is not recommended, please explain

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Approved

Disapproved

Department Director signature \_\_\_\_\_

Mayor signature \_\_\_\_\_

Attach written quotes if request is \$5,000 - \$20,000. \$20,000 and above requires competitive bids. (See purchasing policy)