

PURCHASING POLICY

CITY OF LOUISBURG

ADOPTED BY ORDINANCE NO. 1203
FEB. 20, 2024

CITY OF LOUISBURG

PURCHASING POLICY

SECTION NUMBER: 1

1.01 GENERAL PROVISIONS

A. Introduction: This Purchasing Policy has been developed in order to establish uniform policies and procedures for the procurement of supplies, services and professional services. This policy shall be used as a guide for each department regardless of the type of purchase.

B. Purchasing Policy and Procedures - Purpose and Objectives

The purpose of this policy is to:

1. Provide for fair and equitable treatment of all vendors involved in the City's purchasing process;
2. Document and standardize the City's purchasing policies and procedures for orderly and efficient administration;
3. Provide safeguards for maintaining a procurement system of quality and integrity and;
4. Foster effective, broad-based competition within the free enterprise system.

C. Authority Roles and Responsibilities

1. **City Council:** The ultimate responsibility for all purchases made by the City of Louisburg is held by the City Council. The City Council is responsible for adopting an annual operating budget to guide City expenditures and provide direction on City services offered and approve expenditures through an appropriation order. The Mayor or City Administrator, when authorized by the City Council, shall enter into contracts on the City's behalf.
2. **City Administrator:** The City Administrator shall establish, maintain and update policies and procedures for the procurement of all supplies, services and professional services. Such policies and procedures shall be applicable to all City Employees. Deviations from the City's purchasing policies and procedures shall be made only at the discretion of the City Administrator and will be guided by 1.01 F., Exceptions to City Purchasing Policy. In the absence of the City Administrator, the Finance Director shall assume the City Administrator's purchasing roles and responsibilities.
3. **Department Heads:** By the authority of the City Administrator, Department Heads are delegated purchasing authority and responsibility as established in this policy and as set by the annual approved City Operating Budget.

CITY OF LOUISBURG

PURCHASING POLICY

Department Heads are responsible for ensuring that all assigned employees are knowledgeable of and consistently using the City's purchasing policies and procedures. Department Heads may delegate purchasing authority to assigned employees as needed, however, the ultimate responsibility for adherence to purchasing policies and procedures remains with the Department Head.

Departments are responsible for verifying actual receipt of supplies and services in good condition, and of the specified quantity and quality. This verification should be done as soon as possible so the City can receive any payment discounts offered for prompt payment.

4. Finance Department: Prior to processing payment, the Finance Department shall review all department requested purchases to ensure compliance with this policy. If it is determined that a department has deviated from procurement policies and procedures, the Finance Department shall work with the Department Head to resolve the situation.

D. Public Access to Purchasing Information: Purchasing information shall be a public record to the extent provided in the Open Records Act, K.S.A. 45-215 et seq.

E. Purchasing Authority: While all purchases are generally initiated by departments, the following table illustrates the final purchasing authority assigned to Department Heads, the City Administrator and the City Council. The following guidelines apply to items other than those included in the annual budget adopted by the City Council.

F. The expenditure amount below is for any one project on a budget item:

Expenditure Amount	Final Purchasing Authority
\$1 to \$2,000	Department Head
\$2,001 to \$5,000 and/or budgeted items	City Administrator
Unbudgeted items over \$5,000	City Council

G. Exceptions to City Purchasing Policy: This policy applies to all expenditures of City funds. The purchasing policies and procedures are established under the authority of the City Administrator. The City Administrator may waive some or all requirements of the purchasing policies and procedures with approval from City Council for:

1. Situations which in the opinion of the City Administrator, and in consultation with the Mayor, constitute emergencies;
2. Purchases authorized by the annual budget approved by the City Council;

CITY OF LOUISBURG

PURCHASING POLICY

3. Purchases through interlocal agreements with other governmental entities;
 4. Purchases through cooperative agreements with other governmental entities in which the agreement honors the spirit and intent of the City's purchasing policies and procedures;
 5. Compliance with the terms and conditions of any gift or bequest to the City through the donations/gifts policy;
 6. Any purchase in which the City Administrator, and in consultation with the Mayor, determines that a waiver is in the best interest of the City and not in violation of federal, state, or local law.
- H. Ethics:** All city employees authorized to conduct purchasing activities on behalf of the City of Louisburg shall adhere to the highest degree of ethical standards. No employee shall engage in or permit any illegal or improper purchasing practice. Attempts to circumvent purchasing practices include, but are not limited to, bid rigging, false invoices, excluding qualified bidders, kickbacks, split purchases, unjustified sole source awards, conflict of interest, defective pricing, false claims and substandard goods or services, are strictly prohibited. Further, any employee having knowledge of any questionable practices shall immediately report this knowledge to his/her respective Department Head, Finance Director, the City Administrator, and Human Resources. Engaging in or permitting unethical or illegal conduct constitutes grounds for disciplinary action that may include termination of employment with the City and/or criminal prosecution.
- I. Employee Reimbursements and Travel Advances:** Employees while on approved travel may be reimbursed for the purchase of small quantities of supplies or equipment, meals, and mileage. All reimbursements shall be made by check. Refer to **Section 2.8 Travel Reimbursement and Approval** of the City's **Personnel Policies & Guidelines**.
- J. City Attorney Review of Agreements:** Lease agreements or contracts for goods and services must be reviewed by the City Attorney and must be authorized by the Mayor or City Administrator.
- K. Municipal Tax Exemption:** The City is tax exempt as a political subdivision under 26 U.S.C. 4221(a)(4) and K.S.A. 79-3606, except for goods or services purchased outside of the State of Kansas. Department Heads are responsible for obtaining the latest tax exempt certificate from the Finance Department and remit it to the appropriate vendor prior to every purchase.
- L. Necessity:** All costs necessary to the operations of the City of Louisburg or under previous agreements.

CITY OF LOUISBURG

PURCHASING POLICY

1.02 PREFERENTIAL VENDOR USE AND RESTRICTIONS (PREFERENCE POLICY)

- A.** Whenever a vendor meets price and performance requirements, City staff shall make an effort to purchase supplies and services that:
1. Are provided by a vendor that is located within the City of Louisburg, as further discussed in section 1.02(C)(a) below;
 2. From vendors that have a history of providing outstanding service to the City of Louisburg.
- B.** Purchases which grant a financial benefit to a City of Louisburg employee (including a City of Louisburg Council member or Mayor) are prohibited unless disclosed through a statement of financial interest, solicited, and authorized in compliance with this policy and the City Personnel Policies & Guidelines.
- C.** It is the policy of the City of Louisburg to “Buy Local” whenever it is reasonable. It is recognized to be good public policy. Also, each dollar invested in the local economy is recognized to have a “multiplier” effect as the invested dollar is spent by the recipient again in other local areas that in turn again spend it locally, etc. The implementation of this policy will be the responsibility of the Department Heads, City Administrator and City Council, within their respective spending authority. In cases where all other considerations are equal, and the additional cost in dollars and/or percentage terms is reasonable, the choice to buy local is preferred. The following guidelines are to be observed when considering a “buy local” preference.
1. A business is considered to be local when it has established a permanent place of business within twenty miles of the Louisburg city limits for at least six months. The place of business must be a physical facility and excludes a portion of a home or apartment, motel rooms or post office boxes.
 2. The business must not have any outstanding fines, code violations or other amounts due to the City other than current utility balances, and shall have all appropriate City licenses current and in good standing.
 3. For purchases:
 - i. Under \$500, every effort will be made to buy local, when possible unless a savings of 5% or more can be achieved;
 - ii. From \$5,000 and over, the buy local preference will not apply.

CITY OF LOUISBURG

PURCHASING POLICY

4. The policy does not apply to bids for the construction of sidewalks, curb and gutter, pavement (either new or repair), improvements to roads and streets, public buildings and facilities or any public improvements commissioned by the City Council.
5. The policy does not apply to cooperative purchasing agreements or where the source of funds prohibits such a policy. For example, funds provided by a grant could restrict application of such a policy.
6. If two or more “local” businesses submit bids of an equal amount, the award shall be determined by coin flip in the presence of one governing body member. The procedures of the coin flip process will be determined by the City Administrator.

1.03 PURCHASING PROCESS

A. General Purchasing Information

1. Purchase Initiation: Departments are responsible for initiating and managing their purchases. The Finance Department is available as a resource.
2. Invoice Processing: All invoices should be sent by the vendor to the department initiating the purchase. Those invoices are to be coded with the expense line item most applicable, signed by the Department Head and forwarded to the Finance Department.

Efforts to avoid late fees or interest charges should be made a priority in the timing of routing invoices between departments. In the event the City does incur late fees, they will be charged back to the original expense line item for the department incurring the fee.

The Finance Department will pay from invoices only and not monthly statements. Monthly vendor statements will be reviewed by the Finance Department and copies of unpaid invoices will be requested from the vendor and routed to the appropriate department.

B. Purchase Orders

1. Purchase orders may be used when:
 - i. Required by vendors.
 - ii. When the time between ordering items and receiving the items may span the City’s year end of December 31. Use of purchase orders in these situations will facilitate accurate recording for financial statement purchases.
 - iii. When required by contract or a contract is executed over \$100,000.

CITY OF LOUISBURG

PURCHASING POLICY

C. Account Payable Request

1. Purpose: An accounts payable request is a document that may be used to authorize the Finance Department to issue a check to a vendor when use of a City Purchasing Card is not possible or the use of a purchase order is unnecessary.
2. Applicability: An accounts payable request will normally be used when an invoice for goods or services is in hand. A purchase order is not appropriate in this situation. A check request may also be used for items such as loan/bond payments where an invoice is not issued but a payment is due.
3. Approval: Accounts payable requests are approved for payment in accordance with the final approval authority set forth in this policy under Section 1.01. E.
4. Process: An accounts payable request form is completed and routed for approval to the appropriate individual(s). Once all necessary supporting documents and approvals have been received, the check request shall be forwarded to the Finance Department for payment.

D. Purchasing Card

1. Purpose: The Purchasing Card program is designed to improve efficiency in processing purchases. Each employee issued a card is responsible for all purchases made with the card.
2. Purchasing Card Guidelines:
 - i. Card issuance is based on recommendation from the Department Head to the Finance Department authorizing those employees with purchasing powers for the City of Louisburg. Each card will have transaction, monthly and/or category limits.
 - ii. Purchasing card limits apply to each purchase as well as being subject to the dollar limits provided within this Purchasing Policy.
 - iii. Employees are responsible for the safekeeping of the card and all purchases made on their cards. Lost or stolen cards must be reported to the card issuer and the Finance Department immediately.
 - iv. On a monthly basis, each cardholder will submit their detailed invoice from the card issuer with supporting documentation and approvals to the Finance Department for payment.

CITY OF LOUISBURG

PURCHASING POLICY

- v. The Finance Department will review all transactions. Unauthorized charges will be documented and forwarded to the appropriate Department Head and Human Resources for disciplinary action as outlined in the Personnel Policies & Guidelines.
 - vi. Detailed receipts for each transaction will be kept, and any missing receipts will be researched by the cardholder. Employees may be disciplined pursuant to Personnel Policy for failure to appropriately track and keep receipts.
3. Purchasing Card Program Administration
- i. Program Administration shall be the responsibility of the Finance Director. All card issuance and limit changes will be approved by the Finance Director and City Administrator.
 - ii. Department Head will alert the Finance Department if any action occurs that would eliminate the cardholder's right to purchase on behalf of the City of Louisburg (i.e. disciplinary action, demotion, termination, etc.)
 - iii. Cardholder is responsible for the ultimate safekeeping of his/her assigned card and maintaining the integrity of the City of Louisburg in all purchases made.

1.04 EMERGENCY PURCHASES

- A. Definition:** Emergency purchases are considered only when adherence to normal purchasing policies and procedures would threaten: (1) the functioning of City government; (2) the preservation or protection of property, machinery, or equipment; (3) the health or safety of any person; and/or any other emergency as determined by the City Administrator.
- B. Authority:** In case of an emergency as defined above, the City Administrator may waive all provisions for competitive purchasing. In such instances, the City Administrator may delegate this authority to the appropriate Department Head. Emergency needs shall be purchased by informal open market procedures as expeditiously and as close to normal commercial prices as circumstances will allow. When an emergency expenditure is over \$5,000, a full report of the circumstances necessitating the emergency action shall be presented to the City Council.
- C. Emergency Purchase Procedure:** A Department Head may purchase directly any essential supplies or services. As soon as practical, the Department Head shall notify the Finance Director of the situation. The department shall submit a claims voucher with written justification for the emergency purchase.

CITY OF LOUISBURG

PURCHASING POLICY

SECTION NUMBER: 2

2.01 PURCHASE OF GOODS AND SERVICES (EXCLUDES PROFESSIONAL SERVICES)

- A. The purchase of goods and services that have been included in the City's annual budget are deemed to have been approved by the Council as part of the approval of the budget. Depending on the amounts involved, such purchases may be subject to further administrative procedures as described herein.
- B. **Purchase of Goods and Services from a Single Vendor, Per Occurrence, Total Value Greater Than \$5,000:** The purchase of supplies and services, except the purchase of professional services, totaling more than \$5,000 from a single vendor, per occurrence (except emergency orders), must be approved by the City Council as part of the legislative process on the formal agenda.

At the discretion of the City Administrator, the Request for Proposal (RFP) process may be followed as outlined in Section 2.03. Sealed bids may be requested through the RFP process as deemed necessary by the Department Head issuing the RFP.

- C. **Purchase of Goods and Services from a Single Vendor, Per Occurrence, Having a Total Value Less Than \$5,000: The following shall apply:**

- 1. **Purchases from \$2,001 to \$5,000.** All requests for the purchase of goods and services, except the purchase of professional services, totaling \$2,001 to \$5,000 from a single vendor, per occurrence (except emergency orders) shall require approval by the City Administrator.

Prior to submitting the purchase request, at least three (3) quotes shall be obtained, if feasible. The City Administrator, Department Head, or designee, shall maintain supporting documentation of the quotes. If the authorized City employee is unable to obtain three (3) quotes, the reason shall be clearly stated in the request for approval from the City Administrator.

- 2. **Purchases less than \$2,000.** The purchase of supplies and services from a single vendor, per occurrence, having a total value less than \$2,000 shall be the responsibility of the Department Head. Invoices forwarded to the Finance Department for payment shall be submitted on the Accounts Payable request form and signed by the appropriate Department Head or designee. Assignment of the expenditure code shall be the responsibility of the Finance Department with guidance from the Department Head.

2.02 PROCUREMENT OF PROFESSIONAL SERVICES

Professional services may include, but are not limited to, legal, engineering, financial, auditing, consulting or construction services. Procurement of professional services will be made under

CITY OF LOUISBURG

PURCHASING POLICY

the direction of the City Administrator in consultation with the Mayor. The use of the RFP process as outlined in Section 2.03 is an excellent technique in certain circumstances however it is not always appropriate in certain circumstances. The City Administrator may select a firm or individual to provide services based upon the particular firm's or individual's expertise, previous performance, and readiness for the service requirement of the City.

For amounts over \$10,000, whether selected through the RFP process or by the City Administrator, the recommended vendor will be presented to the Council. The City Council then approves or denies the recommendation. If approved, the Council then authorizes the staff to negotiate a scope of services and a fee, which is submitted to the City Council for approval at a later date.

2.03 REQUEST FOR PROPOSALS (RFP/Q)

Any expenditure of more than \$10,000 shall be made using the Request for Proposals process. Request for Proposals and/or Qualifications are a cumulative process that incorporates a request for proposals and qualifications as well as an invitation for bid.

A. Initiation of process: The User Department shall initiate the Bid/RFP process by contacting the City Administrator and Finance Director.

B. Preparation of Bid/RFP

1. The User Departments may draw upon the Finance Director for assistance in preparing the Bid/RFP document if necessary.
2. In general the Bid/RFP document shall contain the following items.
 - i. Instructions to bidders;
 - ii. Terms and conditions;
 - iii. Specifications describing the goods or services required, or the scope of services;
 - iv. Description of the selection method and the evaluation criteria; and
 - v. Forms on which bidders must submit their bids.
3. Specifications will be developed by the User Department
 - i. The User Department will be responsible for ensuring the specifications are open and non-restrictive.
 - ii. Any specification which limits the purchase to a specific product or service must be justified in writing by the User Department.

CITY OF LOUISBURG

PURCHASING POLICY

4. Bond Requirements

- i. Bid security in the form of a bid bond, cashier's check or certified check shall be required in all formal construction solicitations. The acceptable form and amount will be detailed in the bid documents.
- ii. Performance bonds in an amount equal to 100 percent of the contract price shall be required in all formal construction solicitations.
- iii. As required by state law, statutory bonds in an amount equal to 100 percent of the contract shall be required in all formal construction solicitations.
- iv. Bid security and performance and statutory bonds for all purchases other than those listed above may be required at the discretion of the Administrator. Bonds shall be provided by a surety company authorized to do business in the State of Kansas and shall include the appointment of a Kansas resident agent.

5. Insurance Requirements

- i. Insurance certificates for the appropriate insurance coverages endorsing the City of Louisburg as an additional insured shall be required.
- ii. The amounts and types of insurance required shall be detailed in the Bid/RFP Document.

C. Distribution of Bid/RFP document

1. Vendor List: The User Department may maintain a list of potential vendors for specific product or services areas. The list can be developed from vendors previously used by the City, vendors known by peers through professional networking, professional organizations, researching or any other method. Any vendor may request to have their company on the list.
2. Notice:
 - i. All formal solicitations shall be advertised once in the official paper of the City one time at least ten calendar days prior to the scheduled submission date.
 - ii. All formal solicitations shall be posted to the City's official website. Additional publication and media may be utilized on the basis of need and suitability for a particular purchase.
 - iii. Invitation to Bid or RFPs shall be distributed to those persons on the designated User Department list for the particular goods and services being requested.

CITY OF LOUISBURG

PURCHASING POLICY

3. For all formal solicitations, a copy of the Bid/RFP document shall be placed on file with the City Clerk for record keeping.
- D. Pre-Bid Conference:** If necessary, a pre-bid conference may be held after the invitation to Bid/RFP has been distributed in order to review the specifications with potential vendors.
1. The date and time of the conference shall be included in the instructions to bidders in the Bid/RFP document.
 2. The meeting will be open to the public, and all potential vendors will be encouraged to attend.
- E. Addenda**
1. All changes, modifications, or clarifications to the Bid/RFP document shall be issued by the User Department in the form of a written addendum. The City will not make, nor be obligated by, verbal responses.
 2. Addenda are a part of the Bid/RFP document and as such must be acknowledged in the bid or proposal and shall be considered in making the award.
- F. Withdrawal of Invitation of Bids/RFPs; Rejection of bids; Waiver of Irregularities; Withdrawal or Modification of Bids/Proposals; Failure to Perform**
1. The City reserves the right to withdraw invitations for Bids/RFPs prior to the date for submission; to reject any or all bids or proposals or any part of a bid or proposal; and to waive informalities, technical defects, and minor irregularities in bids or proposals received.
 2. Respondents may withdraw their bids or proposals for any reason prior to the submission date. A corrected bid or proposal may be resubmitted at any time prior to the opening. Appropriate identification will be required for withdrawal of a bid or proposal.
 3. Bids may not be withdrawn after the opening except as provided by the Procurement Code and Regulations in cases of mistake.
 - i. Bidders that fail to perform in accordance with their bids are subject to forfeiture of the bid security and face being eliminated from future bid lists for a period of time to be determined by the Administrator.

CITY OF LOUISBURG

PURCHASING POLICY

G. Bid/RFP Opening

1. Late Bids or Proposals - Bids or proposals received after the designated time specified in the Bid/RFP document shall not be considered and shall be returned to the respondent if requested by respondent.
2. Competitive Sealed Bid Opening
 - i. All bids submitted in accordance with the instructions specified in the bid document will be publicly opened and read aloud at the date and time designated in the bid document.
 - ii. Bid opening will be held in the City Hall Council Chambers. Bids and modifications shall be opened publicly, in the presence of one or more witnesses, at the time, date and place designated in the Invitation for Bids. The name of each bidder, the bid price, and such other information as is deemed appropriate, shall be read aloud or otherwise made available. Such information also shall be recorded at the time of bid opening; that is, the bids shall be tabulated or a bid abstract made. The names and addresses of required witnesses shall also be recorded at the opening. The opened bids shall be available for public inspection except to the extent the bidder designates trade secrets or other proprietary data to be confidential. Material so designated shall accompany the bid and shall be readily separable from the bid in order to facilitate public inspection of the non-confidential portion of the bid. Prices and makes and model or catalogue numbers of the items offered, deliveries, and terms of payment shall be publicly available at the time of bid opening regardless of any designation to the contrary.

The following personnel or their representative may be present: City Clerk and/or designee, Finance Department and/or designee, and a representative of the Contracting Department.

H. Opening Records

1. Purchasing records are open records after a bid or proposal is awarded or all bids or proposals are rejected.
2. Information designated as proprietary or trade secrets by a respondent and financial qualification information submitted by a respondent will not be disclosed except pursuant to a Court order.

- I. Evaluation of Proposals:** Proposals shall be evaluated only on the basis of evaluation factors stated in the Request for Proposals. Criteria used in the evaluation shall be applied to all

CITY OF LOUISBURG

PURCHASING POLICY

responses consistently. The relative importance of the evaluation factors will vary according to the type of goods or services being procured.

J. Selection Process

1. Competitive Sealed Bids

- i. Bids shall be awarded to the lowest responsive and responsible bidder.
- ii. Recommendation for an award to other than the low bidder shall require the following documentation:
 - a. A written statement from the requester, signed by the Department Head, detailing the reasons the low bidder was not selected;
 - b. Verification by the Finance Director that the recommended award is the lowest responsive and responsible bid; and
 - c. Review and approval by the City Administrator.
- iii. In the event of a tie bid from two or more responsible bidders:
 - a. Award shall not be made by dividing business among identical bidders.
 - b. A resident business shall be preferred to a non-resident business where there will be no sacrifice or loss in quality.
 - c. If no resident business has submitted one of the tie bids, award shall be made in any permissible manner that will discourage tie bids.
 - d. If no permissible method will be effective in discouraging the bids, award may be made by drawing lots.

2. For Competitive Sealed Proposals (Except for Selection of Accountants, Lawyers, Consultants, Architects, Engineers, Real Estate Appraisers and Land Surveyors.)

- i. The Selection Committee shall classify proposals as acceptable; potentially acceptable, that is, reasonably subject to being made acceptable; or unacceptable. Offerors whose proposals are unacceptable shall be so notified promptly.
- ii. Discussion may be held with those offerors whose proposals are acceptable or potentially acceptable in order to:
 - a. Promote understanding of the City's requirements and the offeror's proposals; and

CITY OF LOUISBURG

PURCHASING POLICY

- b. Facilitate arriving at a contract that will be most advantageous to the City, taking into consideration price and the other evaluation factors.
- iii. Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussions and revisions of proposals. Auction techniques (revealing one offeror's price to another) and disclosure or any information derived from competing proposals are prohibited.
- iv. Procedures and schedules for conducting discussions should be set out in advance. If during the discussions there is a need for any substantial clarification of or change in the RFP, it shall be amended in writing.
- v. Any substantial verbal clarification of a proposal shall be reduced to writing by the offeror.
- vi. If necessary, a common date and time for the submission of the best and final offers shall be established. Offerors shall be informed that if they do not submit a notice of withdrawal or another best and final offer, their immediate previous offer will be construed as their best and final offer.

K. Award

1. The recommendation of the Selection Committee shall be forwarded to the Administrator. The Administrator will forward the recommendation to the City Council for final approval. No award shall be made without the final approval of the City Council.
2. Successful bidders shall be notified by an award notice sent by the procuring Department.
3. For a contract to be considered signed it must be in one of the following formats:
 - i. Simplified Contract. A simplified contract is a standard contract Purchase Order form that references the terms of the bid and the goods or services to be provided.
 - ii. Extended Contract. An extended contract may be issued for purchases which require terms or conditions beyond those contained in the Bid/RFP document. Extended contracts shall be signed by the successful bidder and the Administrator.

2.04 SOLE SOURCE DESIGNATION

- A. Authority:** Exemption from competitive procurement is permitted when a written determination has been made by a Department Head and approved by the City Administrator that there is only one source practicably or reasonably available to provide a supply or service, or professional services. Such an exemption is required only for purchases

CITY OF LOUISBURG

PURCHASING POLICY

greater than \$5,000 as all purchases less than this amount will not require competitive quotes or bids.

2.05 CHANGE ORDER INCREASE AND APPROVAL

A. Change Order Approval by Governing Body: A change order increase must be approved by the Governing Body if the change:

1. Alters the scope of the project; or
2. Is \$5,000 or 5% more than the original or amended base contract, whichever is less.

B. Change Order Authorization for City Administrator

1. The City Administrator is authorized to approve change orders less than \$5,000 or less than 5%
 - i. The City Administrator may exceed the above thresholds when an emergency situation exists, as outlined in Section 1.04

CITY OF LOUISBURG

PURCHASING POLICY

SECTION NUMBER: 3

SECTION TITLE: DISPOSAL OF SURPLUS PROPERTY

3.01 GUIDELINES FOR DISPOSAL OF SURPLUS, ABANDONED, OR CONFISCATED PROPERTY

- A. Departments may transfer, sell, exchange, or destroy any surplus, abandoned, or confiscated property without competitive bidding if such property has a value believed to be \$5,000 or less.
- B. No property shall be sold without receiving competitive bids if the value is believed to be greater than \$5,000.
- C. Departments disposing of surplus property shall work with the Finance Department to collect sales tax on the sale, as appropriate.
- D. This policy does not address disposal of real estate due to the complex nature and legal requirements of this type of transaction. Departments should consult the City Administrator and City Attorney prior to initiating disposal of real estate.

3.02 Methods of Disposition

- A. The following are the methods of disposition that may be used for surplus, abandoned, or confiscated items.
 - 1. Transfer: Transferring to another department with use for the item is the best method of disposition. Both the transferring and receiving departments must update their inventory records, if applicable.
 - 2. Sale: There are several methods for selling surplus, abandoned, or confiscated items.
 - i. Auctions. The City may contract with an auctioning service or auction via on-line Internet service to sell items to the highest bidder.
 - ii. Sealed Bids. The department may determine that items shall be sold at sealed bid sale. Public Notice of the sale is made and solicitations are issued to prospective bidders.
 - iii. Commercial Markets. The department may determine that items may be offered for sale by consignment to established commercial markets. Candidates for this method of sale include antiques, art and specialized equipment.
 - iv. Sale of Scrap. Many items that are no longer usable may have a residual value. The department may arrange for the sale of scrap items where the value is

CITY OF LOUISBURG

PURCHASING POLICY

expected to be less than \$1,000. Items that are expected to have a value in excess of \$1,000 are to be sold with the approval of the City Administrator.

- v. **Posted Prices.** From time to time, where there is no regular market and demand is erratic, an item may be marked with a pre-established price and sold to the public on a first-come basis.
 - vi. **Trade-in.** The department may determine that it is advantageous to the City to seek bids on replacement items with the Vendors allowing/offering trade allowances. Award may be made in the manner that is most advantageous to the City.
 - vii. **Cannibalization.** Disassembling an item to use its components for repair or maintenance of a similar item is authorized only if cannibalization is expected to create greater value than disposal or trade-in of the item.
- B. Destruction and/or Disposal:** Surplus property of no or minimal monetary value may be destroyed or disposed as trash. Care shall be taken to destroy or dispose of items with regard to environmental impact and cost. City employees may not salvage items once disposal has occurred.
- 1. **Waste Disposal Hazardous Materials.** There are strict federal and state laws regarding the disposal of hazardous materials. Disposal of hazardous materials shall be directed by the local Fire Chief. Departments shall contact the Fire Chief before moving, transferring or selling any hazardous materials.

3.03 ALLOCATION OF PROCEEDS

- A.** All proceeds resulting from the sale of surplus, abandoned, or confiscated property shall be deposited in the appropriate fund from which it was purchased. If the original fund cannot be identified, the proceeds will be deposited in the general fund.

3.04 REPORT OF DISPOSITION

- A.** The Finance Department must be advised of the disposition of all items.

3.05 SALES TO EMPLOYEES

- A.** To avoid the appearance of impropriety, employees of the City may not purchase items unless the sale is to the highest bidder at a public or online auction, or by sealed bid after appropriate notification of the sale.

CITY OF LOUISBURG

PURCHASING POLICY

3.06 DISPOSAL OF GRANT FUNDED EQUIPMENT

- A.** When equipment was purchased using funds from state or federal grant funds, the provisions of the grant must be followed during disposal. It is the disposing department's responsibility to assure that grant provisions are followed. If required by grant requirements, proceeds from disposal shall be returned to the grant-funding agency or department.