



City of VALLEY FALLS

Incorporated May 17, 1854

PROCUREMENT POLICY

Effective Date: January 21, 2026

Purpose: To establish purchasing policies which govern the purchase of goods and/or services by the City of Valley Falls.

Policy: The purpose of this policy is to set guidelines which govern the major purchases of goods and/or services by the City of Valley Falls. It shall also serve as an informational document to be given to local vendors so they are informed as to the City's purchasing guidelines.

Section 1. General Guidelines

Whenever possible, a commodity or service is to be obtained at both the lowest cost possible and highest quality required in order to maintain efficient City departmental operations. Department Heads shall determine the quantities needed of each item based upon such factors as usage, price discounts, shipping time, shelf life, price and any other factors as determined relevant by City staff.

All purchases made on behalf of the City of Valley Falls are to be made in accordance with the following objectives:

1. Provide for local purchasing when economically feasible;
2. Provide for effective expenditure of City funds;
3. Provide for best protection of City residents;
4. Provide for accurate accounting documentation;
5. Provide for equal opportunity, fairness and competitiveness with vendors;
6. Provide for compliance with all applicable federal, state and local laws and regulations.

The level of expenditures for each department is determined by annual adoption of the Budget by the Governing Body. The City Administrator is responsible for ensuring the purchasing practices are in accordance with this policy. The Governing Body reviews all disbursements by an appropriation ordinance and approves certain competitive bids.

All purchases are to be based upon need.

Section 2: Code of Ethics

General Ethical Standards for Employees: The City of Valley Falls will not tolerate any attempt to realize personal gain through City employment by conduct inconsistent with the proper discharge of the employee's duties. In order to fulfill this general prescribed standard, employees must follow the ethical requirements set forth in the City's adopted purchasing procedures. Any attempt to realize personal gain through public employment is a breach of public trust and ground for disciplinary action including termination.

General Ethical Standards for Non-Employees and Elected Officials: Any efforts to influence any City employees to breach the standards of ethical conduct set forth in this policy or the City's adopted purchasing procedures is also a breach of ethical standards.

No officer or employee of the City shall transact any business in his/her official capacity with any business entity of which he/she is an owner, officer, agent or member or in which he/she owns a substantial interest; nor shall he/she make any personal investments in any enterprise that will create a substantial conflict between his/her private interest and the public interest.

No officer or employee of the City shall enter into any material private business transaction with any person or entity that has a matter pending to be acted upon which the officer or employee is or will be called upon to render a decision or pass judgment. If any officer or employee already is engaged in the business transaction at the time a matter arises, he/she shall abstain from discussion and be disqualified from rendering any decision or passing any judgment upon the same.

It shall be a breach of ethical standards for any employee or public official to knowingly use confidential information for personal gain, or to convey information to others for their personal gain.

Employees will be guided in interpretation by the distinction between a gift, gratuity or favor given or received that has significant monetary value and is offered or accepted in expectation of preferential treatment, and an expression of courtesy. Examples of acceptable courtesies, include: a meal or social event, exchanges of floral offerings or gifts of food to commemorate events such as illness, death, birth, holidays or promotions; a sample or promotional gift of nominal value of \$25.00 (twenty-five) dollars or less.

The following purchases cannot be made from City funds:

1. The purchase of any illegal substance or services.
2. Gambling-related purchases.
3. Purchases made for personal benefit with no value to the City.

This Code of Ethics is reinforced through the City's Personnel Handbook.

Section 3: Local Business Preference

Recognizing local businesses contribute significantly to operational revenue of the City, preference may be given to local vendors when financially feasible.

Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of our community. Minor purchases up to \$500 shall be made from established vendors in the Valley Falls or Jefferson County area whenever possible if no loss in price or quality would result from buying local.

A local preference will be given to vendors who are located within the Valley Falls or Jefferson County area for other major purchases. Local vendors will be awarded the bid if their quote or bid is within 1%, of the low bid, with a maximum bid difference of \$2,500. When bidding multiple items/ projects of the same spec the local preference will be given on a per item/project basis.

Section 4: City Council

The City Council determines expenditure levels through the approval of the budget.

The Council approves the final disbursement of all public funds semi-monthly. If a purchase is \$10,000 or higher, Council approval is required.

Section 5: City Administrator

The City Administrator is responsible for the city's financial affairs and management. The City Administrator will approve purchases under \$10,000.

Section 6: Department Heads

Department Heads are responsible for the management of their departmental budget. Department heads will approve purchases under \$2,000.

Department heads shall obtain written authorization from the City Administrator for purchases over \$2,000 and under \$10,000. Purchases of more than \$2,000 per singular item or line item or category shall be placed on a purchase order form with an estimated cost, if actual cost is unknown. The City Administrator shall approve or disapprove the purchase.

Section 7: Employees

All employees, other than department heads, are allowed purchasing authority of \$250.

Section 8: Methods of Purchasing

There are six (6) basic purchasing methods that can be used by City personnel. These methods are as follows:

A. Daily Purchasing - There are any number of items which are needed on a daily basis and are purchased on a routine basis. Because of their commonality, it is not normal to formally bid such products; however, attention is made to price and quality. Under emergency conditions, purchasing of major items may be made in this matter. Vehicles and equipment are not included in the Daily Purchasing method.

B. Competitive Pricing (written quotes): This method is utilized when review by the City Staff and/or Governing Body is warranted due to cost of good or service or type of product. This method is generally used for specialty products for which few vendors exist. This method may also be used for purchase of goods and services costing less than \$25,000. Every attempt possible should be made to obtain three (3) quotes for the purchase.

C. Sole Source Purchases: This method is used with state contract purchases. This method may also be used for departmental supplies, repairs, or replacement equipment when the department has standardized operations with a particular brand or style of product only offered by a certain vendor. A contract may be awarded or a purchase made without competition when, after conducting a good faith review of available sources, it is determined that there is only one source for the required product. The City Administrator or department head may then conduct negotiations, as appropriate, as to price, delivery, and terms.

D. Competitive Sealed Bids: This method is used for the purchase of major equipment or professional services estimated at \$25,000 or more. This method is also used when such factors as scheduling requirements, beginning time, delivery time, total cost, warranty and other factors need to be evaluated. The process is initiated by giving the bid advertisement to the City Administrator. A notice will be published at least once in the City's official newspaper. Staff or the design professional hired by the City is responsible to distribute the bid documents. At least two City staff must be present during the bid opening, which must be advertised and open to the public. The Department Head will bring results of the bid process, along with their recommendation, to a City Council meeting for Council action. The Council reserves the right to accept or reject any and/or all bids. This method is also used when required by State or Federal grant programs.

E. Competitive Negotiations: This method used primarily for professional services. Competitive negotiations are initiated by publishing a Request For Proposals (RFP) or a Request For Qualifications (RFQ). The RFP is used when price is a factor in selection; the RFQ is used when price is primarily considered after selection (generally for engineering and architectural services).

1. In both RFP and RFQ, the services to be procured are clearly defined, as are the factors to be used in evaluation and selection.
2. All proposals received are to be reviewed according to the defined selection criteria; the review should be in writing such as a ranking system.
3. For RFQ's, an invitation is made to one or more respondents to negotiate a price or fee.
4. For both RFQ's and RFP's, selection is made on the basis of the most responsible offer or price and other factors considered.
5. Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required.

City Council shall approve the final selection from the RFP or RFQ.

F. Non-Competitive Negotiations: Non-competitive negotiations shall be used only when (1) the use of competitive negotiations is not feasible, such as only one supplier, (2) there is some public emergency, or (3) the results of the competitive negotiations are inadequate.

Negotiations shall be conducted with the selected company regarding a scope of work and price.

Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required. All contracts for purchases The original copy of the contract must be stored in the City Clerk's office.

G. Split Purchasing or Order Splitting Prohibited: The deliberate practice of splitting a transaction, order, or project into two or more smaller parts to keep the purchase beneath the purchaser's approved spending authority is expressly prohibited.

It should be noted that while the above methods are considered normal purchasing procedures, situations might dictate a deviation from using one method as opposed to another.

Section 9: Grant Procurement Procedures

These procedures are in general accord with federal requirements set forth in Public Law 103-355. The intent of the procedures is to describe how the Grantee obtains services and supplies for project activities. For each procurement procedure listed herein, direct solicitation of minority-owned and woman-owned business enterprises will occur. Price or rate quotations should be obtained (either by phone or in writing) from an ample number of qualified sources (usually three or more).

1. *Small Purchases.* Small purchases are a simple and informal method used where goods or services do not cost in aggregate more than \$25,000.
 - a. Documentation regarding businesses contacted and the prices quoted should be maintained in the procurement file.
 - b. Written documentation regarding basis for selection and cost should be maintained in the procurement file. Action taken by the Grantee should be recorded in meeting minutes.
 - c. Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required for purchases totaling \$1,000 or greater.
2. *Competitive Sealed Bids.* Competitive sealed bids are initiated by publishing an Invitation for Bids (IFB) or similar notice in a local newspaper, local television access channel and/or in contractor trade publications.
 - a. The IFB process is used when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost.
 - b. All bids received must be opened in public and tabulated according to published selection criteria; the results are provided in writing to bidders.
 - c. The contract awarded must be firm-fixed-price contract (based on lump sum or unit price)
 - d. Preparation and signing of a contract formalizing a scope of work and the terms of compensation is required once local officials endorse the bid action and contract amount.
3. *Competitive Negotiations.* Competitive negotiations are initiated by preparing a Request For Proposals (RFP) or a Request For Qualifications (RFQ). The RFP is used when price is a factor in selection; the RFQ is used when price is not considered until after selection. If local funds only are used to pay for any of the services being procured through this process, the Grantee can elect to consider and discuss the project and proposed scope of services with a minimum of firms it has had prior experience with. If

CDBG funds are used to pay for any of the services being procured, then the RFP or RFQ is published in newspapers with general circulation in counties where consultants are located. If no CDBG funds are used, then, the requests are simply mailed or provided directly to three or more engineering firms in the region.

- a. In both RFP and RFQ, the services to be procured are clearly defined, as are the factors to be used in

- evaluation and selection.
- b. All proposals received are to be reviewed according to the defined selection criteria; the review should be in writing such as a ranking system.
 - c. For RFQ's, an invitation is made to one or more respondents to negotiate a price or fee for services to be provided.
 - d. For both RFQ's and RFP's, final selection is made on the basis of the most responsible offer or price and other factors considered such as qualifications.
 - e. Preparation and signing of a contract formalizing a scope of work and the terms of compensation occurs after selection and contact is made with the chosen firm.

Regarding the administration of CDBG projects, the Grantee will either administer the project, or contract with a regional planning commission, depending on the project location and proposed complexities it presents. No procurement is needed for either of these scenarios.

1. *Non-Competitive Negotiations.* Non-competitive negotiations can be used only when (1) the use of competitive negotiations is not feasible, (2) there is some public emergency, or (3) the results of the competitive negotiations are inadequate.

In summary, if CDBG funds are used to pay for a product or service, or any part thereof, CDBG procurement procedures will apply to the project activity unless the aforementioned local procurement policies are stricter. If CDBG funds are not used to pay for any of a contract, the Grantee written procurement procedures will apply.

Section 10: Emergency Purchases

Notwithstanding the procedures set forth in this policy, the City Administrator, in consultation with the Mayor, may authorize emergency purchases of supplies or services beyond the City Administrators spending authority when necessary if delay could cause threat to public health, welfare, safety, or injure the City financially or otherwise. Such emergency procurements will be made with competition if practical for the circumstances. The report of such purchases and the nature of the emergency requiring such shall be provided to the City Council at the earliest possible time.

Section 11: Purchase Cards

Gasoline cards and credit cards are provided to certain employees in cases where such cards are needed to perform essential duties. All employees shall submit receipts to their respective department head or the City Clerk after purchase to allow reconciliation with monthly statements. The fund responsible to pay for the purchase should be written on the receipt. Purchase card balances are to be paid in full at each payment interval so as not to incur any additional debt to the City beyond the item(s) purchased.

Section 12: Charge Accounts

The City maintains charge accounts at several local vendors. If necessary, the employee should inform the vendor at time of purchase which City department is responsible for the charge. Employees who make charges on said accounts shall submit receipts to their respective department head after purchase to allow reconciliation with monthly statements. The fund responsible to pay for the purchase should be written on the receipt. Charge account balances are to be paid in full at each payment interval so as not to incur any additional debt to the City beyond the item(s) purchased.

Section 13: Regular Monthly Bills

The City Administrator or City Clerk shall be authorized to pay regular, monthly bills such as those for utilities, telephone, internet, insurance premiums, and credit cards prior to City Council approval in order to avoid assessment of late charges.

Section 14: Sales Tax Exemption

As a general rule, all City purchases are exempt from imposition of sales tax. All employees shall make sure that proper sale tax exemption forms are provided to vendors so that the City is not charged sales tax on purchases. These forms are available from the City Administrator.

Section 15: Surplus Property

In the event the City has equipment, supplies, or materials that have become surplus, or are being replaced, the City Administrator may authorize the sale or disposal of such goods, provided the value of each item is under \$10,000. In the event that an item is valued at \$10,000 or higher, prior approval of the City Council shall be obtained. Disposal of surplus goods may be as follows:

- a. Transfer to another City department if need is determined
- b. Sale to the general public by sealed bid or placed up for auction (either live or through an online auction site)
- c. Junking when no longer of value or a safety risk
- d. Trade-in toward new equipment

All interests in real property, both leasehold and fee interest, shall require City Council approval.

Any technology equipment sold, donated, or recycled shall be property cleaned to ensure any data or personal information is removed from memory and all storage devices.

Section 16: Approved Project Documents and Change Orders

The City Administrator shall be authorized to sign documents necessary to carry out a decision, project, purchase, contract, or acquisition of services that has been approved by the City Council. The City Administrator shall also be authorized to approve change orders to approved projects or purchases where the requested change is less than \$10,000.

Section 17: Summary

This purchasing policy is a guideline for all City purchases, including vehicle/equipment and is to be used as an explanation to all vendors when questions arise concerning our purchasing methods. Whenever possible, the City of Valley Falls will attempt to do the majority of business with local vendors provided that the service or commodity being considered is of a competitive price and equal quality.