Village of Downers Grove

Official Village Policy Approved by Village Council

Description:	**Purchasing Procedures**
Res. or Ord. #:	**Res. 2017-88** Effective Date: **11/7/17**
Category:	**Financial Services**
	____ New Council Policy
	X Amends Previous Policy Dated: **1/20/93; 11/6/01**
	Description of Previous Policy (if different from above):
	Purchasing Program

RESOLUTION NO. 2017-88

A RESOLUTION AMENDING CERTAIN PURCHASING PROVISIONS AS OFFICIAL VILLAGE POLICY

WHEREAS, the Village Manager has previously established an Administrative Regulation regarding the purchasing program of the Village, dated January 20, 1993, and amended November 6, 2001; and

WHEREAS, the Village Council desires to amend the Village Council Policy regarding the purchasing procedures of the Village of Downers Grove; and

NOW, THEREFORE, BE IT RESOLVED by the Village Council of the Village of Downers Grove, DuPage County, Illinois as follows:

1. That the Village Council Policy regarding Purchasing Procedures is hereby amended as set forth in the attached Exhibit 1,

2. That all resolutions or parts of resolutions in conflict with the provisions of this Resolution are hereby repealed.

3. That this Resolution shall be in full force and effect from and after its passage as provided by law.

Martin T. Tully, Mayor

Passed: November 7, 2017
Attest: April K. Holden, Village Clerk

I. PURPOSE

The purpose of this directive is to provide procedures for soliciting, processing, awarding and rejecting bids, proposals and quotations as well as change orders. These guidelines are for purchases of equipment, materials, supplies, and services for the operational requirements of the Village of Downers Grove, excluding the Downers Grove Public Library, and are created to ensure competitive and unbiased selection of qualified and cost effective vendors and suppliers. This directive is based primarily on the Purchasing Ordinance, Sections 2-47.1 through 2-47.7 of the Downers Grove Village Code, copy attached. This directive applies to all Village general operations purchases and additional procedures may be required of Public Works engineering contracts for capital improvements.

Purchasing decisions involve the Financial Services Department as well as one or more User Departments. Generally, the Financial Services Director, or designee, and the Director/Chief will review the purchases to confirm that they are in compliance with Village, fiscal, and budgetary parameters. All legal documents will be reviewed by the Legal Department prior to the Village Manager review. In addition, the Director/Chief shall review the purchases to confirm that they meet the goals and objectives sought to be addressed with the purchases.

The following topics are addressed in this Policy:

I. PURPOSE
II. DEFINITIONS
III. SELECTION OF VENDORS
IV. VILLAGE PURCHASING PROCEDURES
V. STANDARD COMPETITIVE PURCHASING
VI. SOLE SOURCE CONTRACTS
VII. CENTRALIZED PURCHASING PROGRAMS
VIII. CHANGE ORDERS
IX. PROCESSING PAYMENTS FOR MATERIALS AND SERVICES RECEIVED

II. DEFINITIONS

The Purchasing Ordinance sets forth various definitions that are applicable to this directive. In addition, the following terms are defined as follows:

A. DIRECTOR/CHIEF means and includes the Village Manager; Deputy Village Manager; Fire Chief; Police Chief; the Directors of Planning Services, Code Services, Human Resources, Information Services, Social and Health Services, Redevelopment, Economic Development, Financial Services, and Public Works; the Village Attorney; and any designee of the foregoing provided that the Village Manager has approved such designee.

B USER DEPARTMENT means the department or departments purchasing material or service and from whose budget the costs thereof will be charged.

C. LOWEST RESPONSIBLE BIDDER. In determining the "lowest responsible bidder", in addition to price, the following should be considered:

1. The ability, capacity and skill of the bidder to perform the contract or provide the service required.

2. Whether the bidder can perform the contract or provide their service promptly, or within the time specified, without delay or interference.

3. The character, integrity, reputation, judgment, experience and efficiency of the bidder.

4. The quality of performance of previous contracts or services.

5. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.

6. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.

7. The quality, availability and adaptability of the supplies, or contractual services to the particular use required.

8. The ability of the bidder to provide future maintenance and service for the use of he subject of the contract.

9. The number and scope of conditions attached to the bid.

D. SOLE SOURCE SUPPLIER refers to a vendor designated as the only provider that can meet the needs of the Village, based on the nature of the materials or services; the timing of delivery; or other factors that relate to the best interests of the Village of Downers Grove. The value-based parameters, as outlined in *Section IV: Village Purchasing Procedures*, are applied to the designation of sole source supplier. The Financial Services Director must approve of the designation as a sole source supplier for all purchases over $1,000.00, additionally, the Village Manager must approve the designation for purchases over $7,000 and Council's approval is required for the designation as a sole source supplier for purchases in amounts over $15,000.

E. PURCHASE JUSTIFICATION is a description of the purchase, including budget information, a description of the material or service sought, information regarding any bids or proposals, and the basis for the recommended vendor or product. The form of a purchase justification depends upon the dollar value of the purchase and the level of approval needed.

F. QUOTATION can be either a verbal or written response by a vender to a Village inquiry on a specific product or service. (See *Section V: A - Quotations*)

G. BID is a written response by a vendor to Village-created list of specified products or services. (See *Section V: B - Bids*)

H. REQUEST FOR PROPOSAL (RFP) is a Village-created outline of a specific service or need. The vendor proposes a way to meet the Village-defined service or need and outlines the cost associated with the proposal. A proposal may, in the discretion of the Village, be subject to further negotiations, modifications, and rejections until the Village accepts the proposal. (See *Section V: C – Request for Proposals*)

III. SELECTION OF VENDORS

A. PREFERENCE FOR COMPETITIVE PURCHASING. Where a competitive market exists for a particular purchase, the vendor is to be the lowest responsible bidder, selected on the basis of a competitive purchasing procedure.

B. PREFERENCE FOR LOCAL VENDORS: Purchase recommendations are to be made using vendors located within the corporate limits of the Village where two or more bids, quotes, or proposals are substantially equal in

- Quality,
- Other material elements, and
- Price (equal to or less than a difference of 4.5%, which is equal to the rate of Sales Taxes, currently 1%, plus Utility Taxes, currently 3.5%, collected by Downers Grove).

However, preference for local vendors cannot be utilized when the Village will be receiving Federal or State grant funds for the purchase of materials, products or services; unless an applicable Federal or State statute expressly mandates or encourages geographic preference.

C. PREFERENCE FOR RECYCLED PRODUCTS: The Village has been an active leader in promoting the use of recycled materials. To that end, purchase decisions shall be made to include recycled materials where practical.

D. PRODUCT SPECIFICATIONS BASED ON FUNCTION. Product designation or specification must be reasonably related to the function or purpose to be served by the item selected. Specifications shall not limit the selection to a particular brand or vendor, either expressly or by effect, or exclude the use of recycled materials, unless required to serve a particular need or objective. When a brand is used as a reference, such as compatibility, the phrase "or equivalent" will be included in the specifications.

IV. VILLAGE PURCHASING PROCEDURES

A. IN GENERAL: Village-wide purchasing for operational purposes is a cooperative effort involving the input and assistance of the various User Departments and the Financial Services Department. Although the Financial Services Department will administer and coordinate Village purchasing procedures, each Director/Chief has the primary responsibility regarding specific purchasing decisions and has the duty to maintain responsible purchasing practices within the User Department. The Director/Chief will institute appropriate purchase review procedures for their staff, consistent with this directive. The Financial Services Director will work with the Director/Chief to provide assistance and direction, and to answer questions, regarding the Village-wide purchasing procedures. In reviewing and approving purchases, the Financial Services Department will focus upon compliance with fiscal issues, applicable laws, accounting procedures and the approved budget. A Director/Chief may purchase materials and services for Village operations using one of the following procedures, as appropriate:

1. STANDARD COMPETITIVE PURCHASES (*Section V*)
   a. Verbal Quotation
   b. Written Quotation
   c. Bid
   d. Request for Proposals (RFP)
   e. Extensions

2. SOLE SOURCE CONTRACT (*Section VI*)

3. CENTRALIZED PURCHASE (*Section VII*)

B. STANDARDIZED FORMS: The Financial Services Department will develop, and periodically update, forms and materials for use in Village-wide purchasing, including bidding and RFP checklists, documents, as well as electronic documents that will be stored on the Financial Services Department Infonet Page.

C. FISCAL REVIEW AND RECOMMENDATIONS: The Financial Services Department will review purchase orders, Manager's Approval Reports and Council Workshop Item Reports, prior to submission for final approval, for compliance with the Village Purchasing Ordinance, this Purchasing Policy, grant requirements, budget considerations, accounting procedures. The Legal Department will review all legal documents prior to the Village Manager review. The Financial Services Department may request additional information and offer suggestions and modifications related to any purchase to ensure that the purchase complies with the above. The Financial Services Department has the authority to reject any purchase that it determines is not in conformance with this directive, applicable law, grant requirements, or approved budgetary limits. The Financial Services Department may modify the accounting to conform to Village accounting methods and with Village budgetary procedures, after discussing the changes with the Director/Chief.

D. PURCHASE JUSTIFICATIONS: The Director/Chief shall provide purchase justifications for any purchase in excess of $1,000.00. A "purchase justification" is defined as a description of the purchase, including budget information, a description of the material or service sought, information regarding any bids or proposals, and the basis for the recommended vendor or product. The form of this justification will depend upon the level of approval needed. (Please see Table 1. Purchasing Procedures below, in *Section IV: F - Approval Limits*)

E. APPROVAL PROCESS: The Director/Chief must approve all purchases and change orders within budgetary limits. The approval of the Financial Services Director is required for any purchase over the amount of $4,000.00. The approval process is outlined in Table 1, Section IV:F. To designate a vendor as a "sole source supplier", the Financial Services Director's approval is required for purchases over $1,000.00. (See *Section VI: Sole Source Contracts*)

The Village Manager's approval is also required for any purchase which exceeds $7,000, any change orders which cause the total cost of the purchase to exceed $7,000, or any purchase or change order exceeding budget. In addition, the Financial Services Department may refer a change-order to the Village Manager for approval of any purchase where special or unusual circumstances exist.

The approval of the Village Council must be given for any purchase of $15,000 or more. The Village Council must approve any change order that would cause the total cost of a purchase contract to exceed 105% of the original contract. The Village Council must approve any change that would cause the total cost of a purchase contract to exceed the original contract by $15,000 dollars.

To obtain Village Manager or Council approval, a purchase justification, and supporting documents, including bid tabulations if applicable, shall be submitted to the Financial Services Director for review, who will then submit it to the Village Manager. (The Village Manager will refer the issue to the Village Council, as appropriate, based on these guidelines.) The Financial Services Department will coordinate presentation of such matters to the Manager and Village Council in cooperation with the User Departments. The User Department should submit the request for a change order to the Financial Services Director via email.

F APPROVAL LIMITS: Separate purchases or contracts shall not be entered into for the purpose of avoiding the cost limits. Table 1 outlines the purchase approval limits, outlined in items F.1 through F.5, and the recommended purchase processing.

1. PURCHASES UNDER $1,000.00: For purchases under $1,000.00, a Director/Chief may purchase materials or services in the open market.

2. PURCHASES OF $1,000.00 BUT UNDER $4,000.00: For purchases of $1,000.00 or more, but under $4,000, a Director/Chief may purchase materials or services in the open market by submitting a

purchase order, with three written quotations, to the Financial Services Department. The Financial Services Department will provide any requested assistance in obtaining quotes and will review the purchase order for compliance with this directive and the current budget.

3. PURCHASES OF $4,000.00 BUT UNDER $7,000.00: For purchases of $4,000.00 or more, but under $7,000.00, a Director/Chief may purchase materials or services in the open market by submitting a purchase order and required purchase justification, to the Financial Services Department. The Director of Financial Services must approve such purchase orders.

4. PURCHASES OF $7,000.00 BUT UNDER $15,000.00: For purchases of $7,000.00 or more, but under $15,000.00, a Director/Chief may purchase materials or services in the open market following the Village's guidelines for obtaining a Bid or RFP (see *Section V B – Bids*). The Director/Chief will submit a standard Manager's Approval Report, with appropriate purchase justification, to the Financial Services Department for initial review. The Financial Services Director will submit the Manager's Approval Report for approval by the Village Manager.

5. PURCHASES OF $15,000.00 OR MORE: For purchases of $15,000.00 or more a Director/Chief may purchase materials or services in the open market following the Village guidelines for obtaining a Bid or RFP (see *Section V B – Bids* and *C – Requests for Proposals*). The Director/Chief will submit a Workshop Item Report, with appropriate purchase justification, to the Financial Services Department for initial review. The Financial Services Director will submit the Workshop Item Report to the Village Manager for inclusion on the Council Workshop Agenda and approval by the Village Council.

Section IV: VILLAGE PURCHASING PROCEDURES

Table 1. APPROVAL LIMITS

Dollar Limits:				
0 to $999	$1,000 to $3,999	$4,000 to $6,999	$7,000 to $14,999	$15,000 and over
Approval Level:				
Director/ Chief approval	Director/ Chief approval with 3 quotes. Financial Services Director if sole source vendor	Financial Services Director approval	Manager approval	**Council Approval**
Purchase Justification:				
No justification report required	Purchase Order with justification attached	Purchase Order with justification attached	Manager Approval Report followed by a Purchase Order	**Council Work-**Shop Item Report, followed by a Purchase Order
Competitive Process:				
1 quote (or 3 quotes if over budget)	3 quotes	3 written quotes	Bid or RFP -	Bid or RFP –

V. STANDARD COMPETITIVE PURCHASING

IN GENERAL: All purchases, except as otherwise directed by Village Council, will be subject to the competitive purchasing process for amounts in excess of $1,000.00 as outlined in Table 1 in *Section IV.F, Approval Limits*.

PURCHASING ASSISTANCE: The Financial Services Department will provide administrative support when requested by User Departments for obtaining quotes, preparing and/or reviewing bids and requests for proposals (RFP's), arranging for appropriate advertising, conducting pre-bid conferences, and bid openings.

QUOTATIONS, BIDS AND REQUESTS FOR PROPOSALS. The appropriate solicitation of quotations, written quotes, bids or proposals is based on the dollar value and the type of material or service desired. The following provides guidance on the use of these purchasing procedures.

A. QUOTATIONS

1. IN GENERAL: Quotes are used to purchase goods and services valued less than $10,000.00 The purchase should be made from the lowest qualified quote, (using the standards for *lowest responsible bidder* described in *Section II: Definitions*). When the award is not given to the lowest quote, the reasons for placing the order elsewhere shall be prepared by the Director/Chief and included in the purchase justification. Once quotes have been secured and the lowest qualified vendor has been identified, subsequent purchases during the same calendar year may be ordered from the same approved vendor, if the price does not change.

2. VERBAL QUOTES: Where a verbal quote is permitted, these are to be documented by the User Department and included with the Purchase Order in the accounting system. For purchases made without a Purchase Order (under $1,000), verbal quotes must be summarized and attached to the vendor invoice.

3. WRITTEN QUOTES: Written quotations are to include the following:

   i. Written quotations must be presented on a firm's letterhead or preprinted quotation form. Quotation forms are available on the Village's Intranet Home Page, under Village Hall-Financial Services Department.

   ii. Written quotations must have an effective date. Expired quotations cannot be accepted.

   iii. Duration of the written quotation (i.e. 30 days) should be specified.

   iv. All additional charges, including delivery and set-up, should be included in the written quotation.

   v. The written quotation needs a signature by an authorized agent of the firm. Unsigned quotations cannot be accepted.

   vii. A faxed or E-mailed quotation from the vendor is acceptable.

B. BIDS

1. DEFINITION. Bids should be used where over $7,000 of specifically identified products or services are sought. A bid is a written response by a vendor to Village-created list of specified products or services. The list is made available to interested vendors and the vendor responses are compared for price and compliance to the original list of items.

2. PREPARATION OF SPECIFICATIONS: A User Department will prepare specifications for the desired purchase. The specifications shall include approved provisions regarding insurance, bidding procedures and other related items as established on standardized forms available from the Financial Services Department. For purchases where the Village will receive Federal or State grant funds, then the specifications shall also include the following: a clear and accurate description of the technical requirements for the material, product, or service to be procured, or when impractical to do so, a "brand name or equivalent" description may be used as a means to define the requirements of the procurement; all requirements which the offerors must fulfill; all factors to be used in evaluating bids. Variations from these standard provisions are permitted where appropriate; provided such variations are approved by the Financial Services Department and, as appropriate, the Legal Department.

3. ADVERTISEMENT: Solicitation for bids will be advertised on the Village web, in local newspapers, or in such publications as the User Department or the Financial Services Department determine are appropriate, based on the material or service involved. Except for emergency matters, this advertisement will occur not less than 10 days prior to bid opening. Solicitations may also be faxed, mailed or e-mailed to prospective bidders in the discretion of the Financial Services Department or the Director/Chief.

4. PROCESSING: The Financial Services Department and the User Department will coordinate the pre-bid processing including any pre-bid conference, modifications to the specifications and bid openings.

5. REVIEW AND RECOMMENDATIONS: Following the bid opening the Director/Chief and the Financial Services Director, will review the bids and make appropriate recommendations regarding acceptance or rejection of any bid and the *lowest responsible bidder* (see *Section II: DEFINITIONS*). The Director/Chief will prepare either a Manager's Approval Report or a Council Workshop Item Report, as required by the dollar limitations outlined in *Section IV F – Approval Limits*. A purchase justification will be attached, including bid tabulation, the identification of the recommended vendor, budget information, and background information as may be appropriate. When the lowest bidder is not recommended, the reasons for placing the order elsewhere shall be included in the purchase justification prepared by the Director/Chief.

6. AWARD/REJECTION: The Chief/Director is responsible for recommending the award or rejection of bids according to *Section IV: E - Approval Processing* and *F- Approval Limits.*

C. REQUEST FOR PROPOSALS (RFP's)

1. IN GENERAL. A request for proposal (RFP) is used to make a purchasing contract for services or materials in the amount of $7,000 or more, and when detailed specifications are not reasonable (i.e. architectural services to design a building).

2. DEFINITION. An RFP is Village-created outline of a specific service or need. The vendor proposes a way to meet the Village-defined service or need and outlines the cost associated with the proposal. A proposal may, in the discretion of the Village, be subject to further negotiations, modifications, and rejections until the Village accepts proposal.

3. PREPARATION OF REQUEST: Requests for proposals (RFP's) are to be prepared and submitted by the User Department for review and comment by the Financial Services Department and Legal Department prior to advertising or soliciting of bids. All requests shall include approved provisions regarding insurance, response procedures and other related items as established on standardized forms available from the Financial Services Department. For purchases where the Village will receive Federal or State grant funds, then the specifications shall also include the following: a clear and

accurate description of the technical requirements for the material, product, or service to be procured, or when impractical to do so, a "brand name or equivalent" description may be used as a means to define the requirements of the procurement; all requirements which the offerors must fulfill; all factors to be used in evaluating proposals. Variations from these standard provisions are permitted where appropriate; provided such variations shall be approved by the Financial Services Department and, as appropriate, the Legal Department.

4. ADVERTISEMENT: Requests for proposals will be advertised on the Village web, in a local newspaper, or in such publications as the User Department or the Financial Services Department determines as appropriate, based on the material or service involved. Except for emergency matters, this advertisement will occur not less than 10 days prior to the due date for proposals. Requests may also be faxed, mailed, or E-mailed to prospective proposers at the discretion of the Financial Services Department or the Director/Chief.

5. RFP PROCESSING: The Financial Services Department and the User Department shall coordinate the processing of all RFP's including any modifications to the requests and negotiations for final proposals.

6. REVIEW AND RECOMMENDATIONS: Following the due date for proposals, the Director/Chief of the User Department, and the Financial Services Director, will coordinate the review of the proposals, including evaluating the product and interviewing vendors as necessary, and shall make appropriate recommendations regarding acceptance or rejection of any proposals. The Director/Chief and Financial Services Director may enter into further negotiations with one or more of the proposed vendors to secure the most favorable terms for the Village. For purchases in excess of $7,000, the Director/Chief will prepare either a Manager's Approval Report or a Council Workshop Item Report, attaching a purchase justification which will include a summary of the proposals received, any negotiations, the recommended vendor, the budget, options, and background information as may be appropriate. The recommendation should be made from the lowest qualified proposal using the standards for lowest responsible bidder (described in *Section II – Definitions*, above). When the lowest proposal is not recommended, the reasons for placing the order elsewhere shall be included in the purchase justification prepared by the Director/Chief.

7. AWARD/REJECTION: The Chief/Director is responsible for recommending the award or rejection of proposals according to *Section IV*, which outlines *E - Approval Processing* and *F - Approval Limits*.

D. EXTENSIONS

1. IN GENERAL. Contract extensions may be granted for previously approved contracts if the contract price does not increase by more than 2% over the originally approved contract. Contracts may be extended twice, under this constraint. Contracts must be re-bid, or new Requests for Proposals must be made after a contract has been extended twice.

VI. SOLE SOURCE CONTRACTS

A. IN GENERAL: When it is determined that a particular product, service or work is not subject to competitive bidding due to limitations arising out of the nature of the product, service or work or its availability, the Village may be required to negotiate and enter into contracts for materials or services with a sole source supplier. The approval of the Director of Financial Services is required to designate a vendor as a "sole source supplier", however, any purchase determined by the Village Manager to be inappropriate for a sole source contract shall be purchased according to the Village's standard competitive purchasing procedures.

B. SOLE SOURCE PURCHASING: A Director/Chief may purchase materials or authorize work from an approved sole source supplier by submitting purchase justification to the Financial Services Department for approval. The approval of the sole source purchase is subject to the guidelines in *Section IV E – Approval Process* and *F- Approval Limits*.

C. SOLE SOURCE SUPPLIER CONTRACT. In addition to the purchasing justifications required in this directive, based on the dollar value and type of purchase, any recommended contract from a sole source supplier must be supported by submitting the following:

1 The basis for concluding that the product or service sought is limited to a particular sole source, including specifying how it is in the best interests of the Village to use the vendor as a sole source supplier.

2. The options, such as product substitution, which are available, including a discussion of the impact of each option.

VII. CENTRALIZED PURCHASING PROGRAMS

Centralized purchasing has been established for certain commonly shared materials or services, such as cellular phone services. Purchases of such materials or services will be coordinated through a designated Village budgetary program. The Director/Chief responsible for the designated program will be responsible for applying these purchasing policy guidelines to the Village-wide centralized purchasing of the designated material or services.

VIII. CHANGE ORDERS

A. IN GENERAL: A Change Order means and includes a change in a contract term other than as specifically provided for in the contract which authorizes or necessitates any increase in the cost of a contract or the time of completion and which was not reasonably foreseeable at the time the contract was entered into, was not within the contemplation of the original contract or is in the best interests of the Village.

B. The approval of change orders, in addition to that outlined in *Section IV E-Approval Process* and *F-Approval Limits*, is limited by the percent of change. The approved change orders which, when added to the original cost and any previous change orders, may not cause the total cost of a purchase contract to exceed 105% of the original contract or $15,000 dollars, whichever is greater. The Council must approve all change orders that would cause the total cost of a purchase contract to exceed 105% of the original contract or fifteen thousand dollars ($15,000).

C. PROCESSING: A Director/Chief may authorize a change order that is within budget limits and does not cause the total cost of the purchase to exceed $4,000. For change orders over the amount of $4,000, the Director/Chief shall send a change order explanation, via email, to the Financial Services Director for approval. This explanation will describe the need for the change, the cost and the budget information. Upon approval by the Financial Services Director, those items over the amount of $7,000 will then be submitted to the Manager for approval. In the event a proposed change order would cause the total cost of a purchase contract to exceed 105% of the original contract or $15,000, whichever is greater, the change order explanation shall be submitted to the Village Council for final approval.

IX. PROCESSING PAYMENTS FOR MATERIALS AND SERVICES

A. DOCUMENTATION: Where purchasing justification is required, evidence of this compliance will be attached to invoices presented for payment. For example, invoices for contractual purchases that have received Council Approval will include the Council Workshop cover memo and the date of Council approval.

C. PURCHASE ORDER NUMBERS: The User Department will advise vendors to reference purchase order numbers on the invoice, when purchase orders are required by this directive.

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