

ITEM #: 35  
 DATE: 02-14-23  
 DEPT: Finance

**COUNCIL ACTION FORM**

**SUBJECT: REVISIONS TO PURCHASING POLICIES AND PROCEDURES**

**BACKGROUND:**

The Purchasing Division service objectives include 1) recommending policies and procedures that comply with applicable laws and regulations, 2) protecting the interests of the City, and 3) enabling City programs to provide cost-effective services to the public. The Purchasing Division maintains a Purchasing Policies and Procedures Manual to assist in achieving these goals.

Revisions to the Purchasing Policies and Procedures Manual are proposed to update the recent changes in the public improvement bid thresholds and the addition of the definition of a utility infrastructure. A summary of proposed policy and procedure revisions is attached. Two sections have the proposed policy and procedure revisions:

**Section 6: Bids, Quotations, and Proposals:**

The *Code of Iowa* Section 314.1B establishes horizontal and vertical bid threshold subcommittees that meet every other year to establish the bid and quotation thresholds for city and county public improvement projects. On June 11, 2019, the City Council approved to revise the City purchasing policy to follow the statutory limits set by these subcommittees.

The City's thresholds are currently:

- Competitive Bids for Horizontal Construction: \$ 69,000
- Competitive Bids for Vertical Construction: \$139,000
- Competitive Quotes for Vertical Construction: \$ 77,000

The state's subcommittees have met and changed the bid and quote thresholds to the following:

Year Effective	Threshold	Horizontal Infrastructure Cities > 50,000 population	Vertical Infrastructure Cities > 50,000 population
2023	Competitive bid	\$93,000	\$196,000
2023	Competitive Quote	N/A	\$109,000

**Therefore, the threshold established by the State subcommittees for horizontal infrastructure bids has been increased by \$24,000, to \$93,000; the threshold for vertical infrastructure bids has been increased by \$57,000, to \$196,000; and the threshold for vertical infrastructure quotes has been increased by \$32,000, to \$109,000.**

As noted above, the City Council previously directed staff to follow the statutory limits set by these subcommittees. Increased bid thresholds allow smaller projects to be bid without the need for a bid bond or a published public notice to bidders, thus eliminating these costs to the project. The performance bond will remain a requirement at \$25,000. Projects determined to be a public improvement that meet the bid threshold in *Code of Iowa* Section 314.1B, require specifications and drawings to be stamped by a registered architect, engineer, or landscape architect and will provide an estimate of probable construction to the City prior to bid issuance.

In addition, a change in *Code of Iowa* Chapter 26.2 provides an exclusion to the definition of a public improvement which states that “when such work relates to existing utility infrastructure or establishing connections to existing utility infrastructure. For purposes of this subparagraph, “utility infrastructure” includes facilities used for the storage, collection, disposal, treatment, generation, transmission, or distribution of water, sewage, waste, electricity, gas, or telecommunications service”. The definition will be added to Section 6.2 of the Purchasing Policies and Procedures.

#### **ALTERNATIVES:**

1. Approve revisions to the purchasing policies and procedures to become effective February 14, 2023. Purchasing staff will begin update users on policy and procedure changes.
2. Do not approve revisions to the purchasing policies and procedures.

#### **CITY MANAGER’S RECOMMENDED ACTION:**

The proposed revisions to the purchasing policies and procedures reflect new statutory limits and current practices on construction projects for public entities. These revisions will improve the efficiency of the City's procurement process and administration of construction projects, and improve control and reporting for the Purchasing Division. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1.

## SUMMARY OF 2023 CHANGES TO PURCHASING POLICIES

**Section 1: Organization, Purpose, and General Guidelines:** No additional changes

**Section 2: Requisitions for Purchase Order:**

Section	Subject	Description of Change	Comments
2.02 A3	Exceptions	Correct element/object code from 5026 to 4026	Reflect changes in element object numbers

**Section 3: Fleet Vehicles and Equipment:** No additional changes

**Section 4: Technology and Communications Purchases:** No additional changes

**Section 5: Specifications and Descriptions/Statements of Work:** No additional changes

**Section 6: Bids, Quotations, and Proposals**

Section	Subject	Description of Change	Comments
6.03 A4	Definitions	Add definition of “utility infrastructure” per changes in Code of Iowa 26.2	Reflects statutory addition of utility infrastructure definition
6.04 A1 A2, & C	Bid Threshold Amounts for Bids/Quotations and Proposals	Change bid thresholds limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements
6.05 A	Types of Solicitations	Change footnote to the current bid threshold limits	Reflects statutory bid threshold limits raised by subcommittee for public improvements
6.03 A4	Definitions	Add definition of “utility infrastructure” per changes in Code of Iowa 26.2	Reflects statutory addition of utility infrastructure definition
6.12 D8	Contracts Awarded by City Council	Correct additional bond required to \$100,000	Correct error in dollar amount from previous manual changes

**Section 7: Purchase Order-Receiving Report:** No additional changes

**Section 8: Emergency & Rapid Need Purchases:** No additional changes

**Section 9: Travel, Conference, & Training Expense:** No additional changes

**Section 10: Reserved**

**Section 11: Central Office Supply Store & Inventory Management:** No additional changes

**Section 12: Disposal of Surplus Property:** No additional changes

**Section 13: Conflict of Interest Policies and Code of Ethics:** No additional changes

**Section 14: Procurement Card Program:** No additional changes

Rev. 2/14/23

## SUMMARY OF 2023 CHANGES TO PURCHASING PROCEDURES

**Section 15: Procedures for Requisitions or Purchase Order:** No additional changes

**Section 16: Procedures for the Purchase of Fleet Equipment:** No additional changes

**Section 17: Procedures for the Purchase of Technology & Communication Equipment:** No additional changes

**Section 18: Specification Guidelines & Procedures:** No additional changes

**Section 19: Procedures for Bids, Quotations, and Proposals:**

Section	Subject	Description of Change	Comments
19.01 B & C	Determining if a Competitive Solicitation is Required	Change bid thresholds limits	<b>Reflects statutory bid threshold limits raised by subcommittee for public improvements</b>
19.04 D & F	Other Bid Requirements and Conditions	Change bid thresholds limits	<b>Reflects statutory bid threshold limits raised by subcommittee for public improvements</b>

**Section 20: Procedures for Purchase Order Receiving Report:** No additional changes

**Section 21: Procedures for Emergency & Rapid-Need Purchases:** No additional changes

**Section 22: Procedures for Travel, Conference, & Training Expenses:** No additional changes

**Section 23: Section not used**

**Section 24: Procedures for Central Stores & Catalogued Inventory Management:** No additional changes

**Section 25: Procedures Relating to Conflict of Interest & Code of Ethics:**

<b>Section</b>	<b>Subject</b>	<b>Description of Change</b>	<b>Comments</b>
25.01 A & B	Purchases	Add: or member of household	<b>Add to definition of immediate family, recommended by Legal Department</b>
25.01 A & B	Purchases	Revise reference from the Purchasing Intranet site to Purchasing Community	<b>Reflects move to the Purchasing Community</b>
25.02 A	Reporting	Add: or member of household	<b>Add to definition of immediate family, recommended by Legal Department</b>
25.02 C	Reporting	Add: Each employee and officer must complete a Conflict of Interest Disclosure Form annually	<b>Reflects change to the Conflict of Interest Reporting</b>

**Section 26: Procurement Card Program Procedures:** No additional changes

Rev. 2/14/2023