

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: President and Village Board of Trustees

FROM: Scott Niehaus, Village Manager

DATE: November 29, 2017 (COW) (B of T): December 7, 2017

TITLE: Revision to the Village's Purchasing Policies and Procedures Manual

SUBMITTED BY: Tim Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

Attached are the proposed administrative updates to the Purchasing Manual related to the bidding requirement threshold increase from \$20,000 to \$25,000 as established by Public Act 65 ILCS 5/8-9-1. In addition, proposed changes will increase the Village Manager's purchasing approval authority up to \$25,000. Expenditures over \$25,000 would need approval by the Village Board.

In the interest of saving paper, only the proposed changes of the Purchasing Policies and Procedures Manual are included in the attached memo that was provided to the Finance and Administration Committee. If anyone would like to view the complete manual, a copy is available in the Finance Department.

The Finance and Administration Committee voted unanimously to recommend approval of the staff recommendation and the amended wording to the policy.

FISCAL IMPACT:

N/A

REVIEW (as needed):

Village Attorney XX	_____	Date	_____
Finance Director XX	<i>Timothy Sexton</i>	Date	<i>11/29/17</i>
Village Manager XX	_____	Date	_____

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 Noon, Wednesday, prior to the Board Agenda distribution.



MEMORANDUM

To: Finance and Administration Committee
Scott Niehaus, Village Manager

From: Timothy Sexton, Director of Finance

Date: November 20, 2017

Subject: Purchasing Policy Update 2017

The Village's Purchasing Manual contains all of the Village's policies related to the procurement of goods and services and has worked well as a guide for Village employees.

Pursuant to Public Act 65 ILCS 5/8-9-1, the bidding requirement threshold has been increased from \$20,000 to \$25,000 in the State statutes. Staff proposes that the following changes to the purchasing policy.

Proposed Changes to the Village of Lombard Purchasing Policy

Chapter 2. D. Approval of Village Purchases

No employee shall purchase goods or services on behalf of the Village without first seeking approval as required by this policy. All purchases shall require advance approval of the appropriate Supervisor, Department Head, the Director of Finance and the Village Manager in accordance with the guidelines described below:

Dollar Limits	Required Approvals
Under \$2,500	Supervisor or Department Head
\$2,500 01 -\$ 5,000 4,999	Supervisor and Department Head
\$5,000 01 -\$ 10,999 24,999	Supervisor, Department Head, Director of Finance and Village Manager
\$25 0 ,000 & Above	Department Head, Director of Finance, Village Manager and Board of Trustees

Chapter 2. E. Signing of Contracts

All contracts in excess of \$5,000 and less than \$~~250~~,000 shall be submitted to the Village Manager, Finance Director or either of their designees for approval and signature. Contracts below \$5,000 may be signed by the applicable Department Head or his/her designee.

Chapter 3.A General Policy for Solicing Quotes

Employees are responsible for obtaining quotes for purchases in the instances outlined below. Quotes shall be added to the purchase order prior to the final purchase. The limits shall include all costs involved with a purchase, including shipping, installation, etc. Purchase orders submitted without the required quotes or a satisfactory explanation of why quotes were not obtained (e.g. sole source, emergency, standardized vendor, etc.) will be returned to the originator without approval.

Up to \$2,500

One verbal quote is required; however, employees are encouraged to seek additional quotes when possible.

\$~~2,500~~1 - \$~~4,999~~5,000

Three verbal quotes must be obtained. The quotes must be listed in the purchase order. Physical records regarding the dates, contacts and quotes received shall be retained in the department's files for auditing purposes.

\$~~5,000~~1 - \$~~19,999~~24,999

Three written quotes. The quotes must be listed in the purchase order. Hard copies shall be obtained and retained in the department's files for auditing purposes.

\$~~20,000~~25,000 & Above

Must be competitively bid in accordance with State law and Village ordinances. Village Board approval is required for all contracts above \$~~20,000~~25,000.

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

Chapter 3.C. Sole Source Purchases

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

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

These items shall not be subject to requirements for seeking competitive quotes or bids. However, purchases in excess of ~~\$20,000~~ \$25,000 shall be presented to the Village Board prior to acquisition with a request to waive bids, approve the purchase and enter into a formal contract.

Chapter 3.D. Emergency Purchases Policy

An emergency purchase order can be issued authorizing a vendor to perform any and all work necessary only if the public health and safety could be affected. If the purchase exceeds ~~\$20,000~~ \$25,000, documentation shall be presented to the Village Manager prior to such authorization.

Chapter 3.E. Competitive Bidding Exemption

During the course of a fiscal year, the Village Manager, at his or her discretion, may approve multiple purchases which exceed ~~\$20,000~~ \$25,000 in aggregate but are less than ~~\$20,000~~ \$25,000 individually. In these cases, it is not necessary for the Village Board to approve a waiver of bids, however; each purchase shall still be subject to the requirements of Chapter 3, Section A of this manual concerning quote solicitation for purchases under ~~\$20,000~~ \$25,000.

Chapter 4.A. When a Formal Bid Is Required

All purchases of goods or services exceeding ~~\$20,000~~ \$25,000, in accordance with Public Act 65 ILCS 5/8-9-1, shall be subject to the competitive bidding process and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible bidder or any other bidder whom the Village Board deems to be in the best interest of the Village. Sealed bids shall be sought when a good or service is anticipated to cost more than ~~\$20,000~~ \$25,000 either individually or in aggregate purchases (unless permitted by the Village Manager per Chapter 3, Section E) made over the course of one fiscal year.

Chapter 5.B. Change Orders To Regular Purchase Orders

After a regular purchase order is issued to the vendor, it may become necessary to change it to include additional quantities, shipping costs, etc. When this occurs, the employee who completed the original purchase order shall process a change order. Please note that change orders to original contracts of \$~~20,000~~25,000 or more require the prior approval of either the Village Manager or Village Board. For more information, please refer to the financial policy on change orders included in this manual

Staff is requesting the Finance Committee's approval of the proposed change and recommendation to the Village Board of Trustees for their consideration.

RESOLUTION

R_____17

**A RESOLUTION AMENDING THE PURCHASING POLICIES AND
PROCEDURES MANUAL FOR THE VILLAGE OF LOMBARD**

WHEREAS, Section 35.21 of the Village of Lombard Municipal Code states that “the Village Manager shall...have prepared and maintained a purchasing manual”, and

WHEREAS, Section 35.21 further states that “said manual shall be subject to approval by the Board of Trustees”, and

WHEREAS, the Village Board previously approved Resolution 95-99 adopting a purchasing policies and procedures manual for the Village of Lombard; and

WHEREAS, the adoption of the amendment to the purchasing manual contributes to the continuity and credibility of administering public funds; and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such manual.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

Section 1: That the amendments to the Village of Lombard Financial Policies are hereby approved.

Section 2: That the Director of Finance is hereby directed to implement said policies as approved.

Adopted this _____ day of _____, 2017

Ayes: _____

Nays: _____

Absent: _____

Approved this _____ day of _____, 2017

Keith Giagnorio
Village President

ATTEST:

Sharon Kuderna
Village Clerk

APPROVAL AS TO FORM:

Thomas P. Bayer
Village Attorney