

ORDINANCE NO. 6453

**AN ORDINANCE ADOPTING AN OFFICIAL PURCHASING
POLICY FOR THE CITY OF PERU, ILLINOIS**

WHEREAS, the City of Peru ("City") is an Illinois home rule municipal corporation and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City Council deems it advisable and in the best interest of the City and its residents to establish rules, regulations and procedures relating to the City's purchase of goods and services.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PERU, LASALLE COUNTY, ILLINOIS, A HOME RULE MUNICIPALITY, AS FOLLOWS:

SECTION 1: The City Council finds as facts the recitals hereinbefore set forth.

SECTION 2: The City of Peru Purchasing Policy attached hereto as "Exhibit A" is hereby approved and adopted.

SECTION 3: This Ordinance shall be in full force and effect upon its passage and approval as provided by law.

PRESENTED, PASSED, AND ADOPTED at a regular meeting of the City Council of the City of Peru, Illinois, by an aye and nay roll call vote, with 8 voting aye, 0 voting nay, 0 absent, and Mayor Harl not voting _____, which meeting was held on the 20th day of January, 2020.

APPROVED: January 20, 2020



Scott J. Harl, Mayor

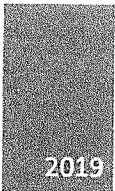
(CORPORATE SEAL)



ATTEST:

David R. Bartley
City Clerk

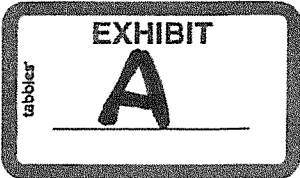
<u>Aldermen</u>	<u>Aye</u>	<u>Nay</u>	<u>Absent</u>
Ferrari	X		
Waldorf	X		
Lukosus	X		
Radtke	X		
Sapienza	X		
Payton	X		
Ballard	X		
Buffo	X		



City of Peru

PURCHASING POLICY

JUSTIN MILLER, CPA



Policy Introduction:

The purpose of the City of Peru's Purchasing Policy Manual is to specify the appropriate documentation and level of approval that is required to purchase goods and services for use in the City's operations in compliance with a sound internal control system and applicable laws and City policy.

The City of Peru has adopted the provision of Illinois Statutes commonly called the "Budget Officer Act" whereby an annual budget is adopted in lieu of an appropriation ordinance. The annual budget includes all City operating units and is made up of line items for each object of expenditure. When adopted by the Mayor and City Council members, the budget becomes the legal authorization to expend resources for providing City services.

The City of Peru is a home-rule municipality with authority to legislate in matters concerning its local government and affairs. The procedures set forth in this manual are established under the City's home-rule authority.

Code of Ethics:

All City personnel engaged in purchasing and related activities shall conduct business matters with the highest level of integrity. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interests of residents and business owners of the community. City employees are expected to conduct themselves in the following manner:

- ✦ Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and City policies.
- ✦ Never accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function. (5 ILCS 430/10 et seq.)
- ✦ Never allow purchases for similar or like goods or services to be split into smaller orders to avoid required approval or in any manner that would circumvent this Policy or applicable law.
- ✦ Ensure that potential suppliers are provided with adequate and identical information upon which to base their proposal or quotation and that any subsequent information is made available to all bidders in an equitable and timely manner.
- ✦ Purchase without favor or prejudice.

It shall be the responsibility of the City Finance Officer and Human Resources Manager to determine if a violation of this Conflict of Interest policy has occurred and if any disciplinary action is warranted for the employee, up to and including termination. It shall be the responsibility of the Mayor and/or the City Council when a violation has occurred with an elected official.

Conflict of Interest:

It shall be a breach of ethical standards for any employee or elected official to participate directly or indirectly in the purchasing process when:

- ✦ The employee is contemporaneously employed by a bidder or vendor that is involved in the procurement transaction.
- ✦ The employee or any immediate family member holds a critical position with a bidder or vendor that is involved in the procurement transaction. A "critical position" means (i) an owner with an

Conflict of Interest Continued:

interest of more than 10%, (ii) an officer, director, trustee, partner, or similar position, or (iii) an employee who is substantially involved in the procurement transaction.

- ✚ The employee or any immediate family member has a financial interest arising from the procurement transaction.
- ✚ The employee or any immediate family member is negotiating or has an arrangement concerning prospective employment with a bidder or vendor that is involved in the procurement transaction.
 - An employee's immediate family means a spouse, domestic partner, child, parent, sibling, and any other relative living in the same household as the employee.

An employee or elected official is obligated to and must disclose immediately to his/her supervisor or his/her designee if a company providing services to the City or which is making a quote, proposal, or bid to the City employs, is owned (directly or indirectly) by, or substantial influence is exerted by a spouse, domestic partner or immediate family member of the current employee(s) or elected official(s).

Where any party serving as an independent contractor for the City of Peru has any economic interest in another company, contractor or subcontractor who is proposed or contracted to provide services to the City on a project in which the party is involved, or in which that party has any role in recommending selection of subcontractors, the party shall disclose such interest to the City in writing, based upon the same standards utilized for City staff and elected officials as outlined above.

It shall be the responsibility of the City Finance Officer and Human Resources Manager to determine if a violation of this Conflict of Interest policy has occurred and if any disciplinary action is warranted for the employee, up to and including termination. It shall be the responsibility of the Mayor and/or the City Council when a violation has occurred with an elected official.

Gift and Gratuities:

City personnel should be aware that offers of gratitude from vendors could be designed to compromise objective judgment in product or service selection. Accordingly, it is City policy to observe the highest standards of ethics and to shield the employee, the City and the vendor from any suggestion or appearance of conflict of interest. (5 ILCS 430/10 et seq.)

No employee or elected official shall permit any influence by vendors, which could conflict with the best interest of the City or the City's reputation. Expenditures of City funds to vendors shall not, by intent, personally benefit any person employed with the City or serving as an elected official of the City. Employees and elected officials shall strive to follow the following guidelines:

- ✚ Tangible gifts or gratuities shall not be accepted where their value suggests something more than merely a social gesture. Such gifts should be returned with a statement of City policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable, to the extent permitted by Illinois law. Gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or section where the recipient works.

Gift and Gratuities Continued:

- ⚡ Association with vendor representatives at reasonable business meals (valued at \$75 or less per person per day) or business organization meetings is occasionally necessary provided the employee or elected official keeps himself/herself free of obligation.
- ⚡ Personal loans of money or equipment are not to be accepted from a vendor or an individual associated with a vendor doing business with the City.
- ⚡ Corporate discounts granted to City employees are acceptable only if they are offered to all City employees and other corporate clients of the vendor.

Approval of City Purchases:

No employee may purchase products or services on behalf of the City without first seeking approval as required by this policy. All purchases require advanced approval of the appropriate Department Head or City Committee/Council in accordance with the following guidelines:

Dollar Threshold	Required Approval
Under \$10,000	Department head
\$10,000-\$19,999	Committee
Above \$20,000	City Council

Employees are responsible for obtaining quotes in accordance with the following guidelines:

Dollar Threshold	Quote or Bid Required
Under \$10,000	No quotes are required, employees are encouraged to seek one or more quotes when possible or otherwise ensure that competitive prices are obtained.
\$10,000-\$19,999	A requisition for a purchase must include either (i) a minimum of 3 quotes or (ii) sufficient justification to warrant purchase from a specific vendor.
Above \$20,000	Must be competitively bid unless the City Council approves the purchase by a super majority vote.

A department head may petition the City Council for a temporary window outside of the above restrictions. The window should define the need for the exception and a not-to-exceed amount.

Emergency Purchases:

A Department Head is authorized to make an emergency purchase if the failure to do so could result in an immediate and apparent loss to the City. The mayor and applicable committee chairman must be notified of the purchase at the time of emergency. The Department Head must notify the City Council of the emergency purchase at the first opportunity.

The Department Head must render a written summary of the emergency purchase under this subsection to the City Council at or before its next regular meeting. The report should be on file with the invoice submitted to the Finance Department.

Exemptions:

In some cases, it is difficult or impractical to require competitive bidding for a product or service. These purchases include:

- ✦ Sole-source Purchases—only one known supplier is available for that item.
- ✦ Redundant Purchases—the purchase of a second item that is the same or substantially the same as an item that had been recently competitively bid.
- ✦ Replacement Purchases—the purchase of furniture, carpeting, or other fixtures to match existing fixtures.

Travel and Expense Reimbursements:

See attached “Travel and Expense Reimbursement Policy” and sample documents.

Local Vendors:

When securing price quotations, Department Heads shall, to the extent practicable, solicit quotations from qualified vendors located in the City of Peru. Everything else being equal between two or more possible vendors, and quotes are responsible and responsive, the City shall give preference to the local vendor. Local vendor preference cannot be used if using federal or state funds for the project.

Credit Card Purchases:

See attached “Credit Card Policy” and sample documents.

Non-Discrimination:

It is the policy of the City of Peru that all potential bidders have an equal opportunity to submit bids and to compete on an equal basis for City’s business. As a party to a public contract, each vendor and subcontractor must:

- ✦ Refrain from unlawful employment discrimination.
- ✦ Certify that it is an “equal opportunity employer” under the federal Civil Rights Act.
- ✦ Complies with the federal Civil Rights Act and the Illinois Human Rights Act.

Competitive Bidding Requirements:

Unless otherwise provided, all purchases of goods or services of \$20,000 or more are subject to the competitive-bidding process and must be let by free and open competitive bidding, after advertisement, to the lowest responsible bidder or any other bidder whom the City Council deems to be in the interest City. Purchases of less than \$20,000 may be, but are not required to be, competitively bid.

Bid Package. It is the responsibility of each respective department to ensure the proper preparation of the Bid Package. The Bid Package typically contains the following information:

Bid Requirements Continued:

- ✚ Cover Sheet
- ✚ Table of Contents
- ✚ Bid Call
- ✚ Instructions to Bidders
- ✚ General Conditions
- ✚ Special Conditions
- ✚ Bid Proposal Form
- ✚ All required certification forms
- ✚ Contract Page

The Department Head must review and approve the Bid Package and forward the bid document to the City Clerk for publication. The Bid Package should not be forwarded to any prospective bidder before publication to ensure that all prospective bidders have equal time to complete the bid document.

The City Clerk is responsible for forwarding the legal notice to the newspaper for publication, to be published at least 10 days, unless otherwise specified, before the bid opening. The Department Head preparing the Bid Package shall also send a copy of the Invitation to Bid to potential bidders.

The Invitation to Bid. The Invitation to Bid must include a general description of the articles or services to be purchased, state the location and times that the Bid Packages may be obtained and state the date, time, and place of the bid opening.

All bid packages must contain instructions properly notifying the bidder of City policies and procedures related to bidding.

Specifications. The specifications state the standards acceptable to the City. The specifications may not be developed in a manner intended so specifically to exclude a potential bidder on a technicality or developed in such a manner that only one bidder is possible. The specifications must be broad enough to invite competition but not so expansive as to invite a potentially low bid on an item that is not desired or in the best interest of the City.

Bid Proposals. Bid Proposals:

- ✚ All bids shall be submitted on a Bid Proposal Form supplied by the City. All prices must be entered in ink. The Bid Proposal Form must be signed by an appropriate officer or employee of the vendor.
- ✚ If several items are being bid at one time and a vendor cannot bid on all items, then the vendor must mark all items on which they are not bidding with the words "No Bid."
- ✚ Any correction on the Bid Proposal Form must be initialed in ink by the person signing the original bid proposal. In case of a difference between unit price and extension, the lowest price is deemed to be correct.

Bid Requirements Continued:

Certifications. Each vendor is required to submit the City's Contractor Certification Form. The Certification Form should be included in the Bid Package, with the completed Certification Form to be submitted with the bid response. If, for any reason, the Certification Form is not included in the Bid Package, then the successful bidder must complete and return the Certification Form to the City prior to the commencement of any work under the contract.

Samples. If samples are to be submitted with a bid, those samples will be held until a bid award is made. If a vendor wishes to submit a sample for trial use, then the product must be presented at no cost or obligation to the City.

Bidder Inquiries. Only the City Clerk, affected Department Head, or designees may respond to bidder inquiries. Inquiries, other than those made at a pre-bid conference, must be submitted in writing. Answers to all written inquiries will be provided in writing to all bidders by addendum.

Pre-Bid Conference. Departments are encouraged to schedule a pre-bid conference, sufficiently in advance of a bid opening, to explain the City's policies, procedures, and specifications and hear questions from prospective bidders.

Bid Sub. Bid Submissions must be:

- ↓ Submitted in a sealed envelope and marked as indicated in the bid instructions. Bid responses may not be accepted by telephone, facsimile, email, or similar means.
- ↓ Received before the time and date stated in the bid instructions. The City shall reject any response received after that date and time, regardless of any reason for the delayed receipt. Upon receipt, the City clerk shall date-stamp the sealed envelope containing the bid response.
- ↓ Kept in the vault or other secure location and may not leave the City Clerk's control until after the bids are opened and publicly read aloud.

Bid Withdrawal and Revisions. A bidder may withdraw or revise a bid prior to the time that bids must be received. A bidder may withdraw a bid by submitting a written request to the City Clerk. Revisions may be made by submitting a new Bid Form with the notation "Revised Bid" and the date of submission to the City Clerk prior to the time that bids must be received. This change must be submitted in a separate envelope marked the same as the original bid with the words "Revised Bid" and the date the revision is submitted. At the bid opening, the City Clerk shall announce that a revision has been submitted and the date the revision was submitted. Upon opening of the bid, the City Clerk shall open the envelope with the revision, read the revised price, and add the revised form to the original bid packet.

Bid Opening. Bid proposals must be publicly opened and read aloud in a designated place on the date and time specified in the Invitation to Bid. The City Clerk or his or her representative presides at all bid openings. The Department Head of the department issuing the bid or their designee, shall attend to witness the bid openings. Each person attending the bid opening must sign a sign-in sheet.

Bid Review and Tabulation. After opening, the Clerk shall provide all bids to the Department Head of the department issuing the bids. The Department Head must tabulate the bids to include (i) the bidder's name, (ii) bidder's address, (iii) confirmation of any required bid deposit, (iv) unit prices and total bid

Bid Requirements Continued:

price. The Department Head must return the original bids and the tabulation to the City Clerk to be placed on file and made available for public copy and inspection. The Department Head shall forward a copy of the of the tabulation to the Mayor and City Council along with the Department Head's recommendation for the bid award to the lowest responsible bidder. The determination of the lowest responsible bidder should be based on the following:

- ✦ The bidder's ability, capacity, and skill to perform the contract.
- ✦ Whether the bidder can perform the contract promptly, or within the time specified, without delay or interference.
- ✦ The bidder's character, integrity, reputation, judgment, and experience.
- ✦ The quality of the bidder's performance on previous contracts.
- ✦ The previous and existing compliance by the bidder with laws and ordinances related to the contract.
- ✦ The equipment, personnel, facilities and available to the bidder to perform the contract.
- ✦ The bidder's ability to provide future maintenance and service.
- ✦ The bidder's ability to cooperatively work with the City and its staff.
- ✦ The bidder's ability to comply with responsible bidder ordinance

If the Department Head recommends that a bid be awarded to any bidder other than the lowest responsible bidder, then the Department Head must submit a written justification for the recommendation. The recommendation of City Staff shall be forwarded to the City Council for consideration.

Bid Acceptance or Rejection. The ultimate authority to accept, reject, or waive bidding technicalities rests with the City Council. The City Council has the right to reject any/all bids. The City Council has the right to waive technicalities in bidding.

Bid Awards. Within 60 days after the bid opening, the City Council will take formal action to approve the bid at a public meeting and will contact the successful bidder to provide a contract. After the signed contract is returned, it shall be signed by the City official designated to execute the contract in the resolution or ordinance awarding the contract. If no individual is so designated, the contract shall be signed by the Mayor. The executed contract must be forwarded to the City Clerk. The agreement is not consummated until the contract is executed and the vendor has received notification. Signed contracts, certificates of insurance, and performance and payment bonds must be obtained from the vendor before work begins. The City Clerk is responsible for handling bid bonds. The bid bond of the accepted bidder may be returned only after the contract is executed and the certificates of insurance and required performance and payment bonds have been delivered to the City. The remaining bid deposits will be returned within 60 days after the City Council has awarded the contract.

Change Orders. A change order is a change in a contract term, other than as specifically provided for in the contract, that authorizes or necessitates any increase or decrease of the cost of the contract or in the time of completion.

Bid Requirements Continued:

A valid request for a change order must meet the following criteria:

- ✦ The change was not reasonably foreseeable at the time that the contract was signed.
- ✦ The change must be germane to the original contract.
- ✦ The change is authorized by law and in the best interest of the City.

Any change order that, when added to all other changes in the contract, either (i) increases the cost of the contract by 20% of the original value or more or (ii) increases the time of completion by 45 days or more must be approved by the City Council. The provisions qualifying as "emergency purchases" also apply to change orders.

The City Engineer may approve a change order outside of the above parameters when using the required methods will identifiably increase the cost and/or materially change the previously approved scope of the project. The City Engineer will need to follow the notification provisions documented in the "emergency purchases" section.

Prevailing Wage:

Prevailing wage requires in all construction contracts entered for public works construction projects that the prevailing wages, as issued by the Illinois Department of Labor for LaSalle County, be paid to all laborers, workers and mechanics performing work under the contract.

The bid package for such construction contracts shall contain the most recent listing of the said prevailing wages or a link to the website at which such wages are provided.

- ✦ A certification form shall be included in all bid invitation packages. This form shall immediately follow the certification form for 720 ILCS 5/33E. All bidders must properly execute this form as prescribed and attach it to the bid proposal form in a sealed envelope.
- ✦ The failure of a bidder to submit this form with the bid will render the bidder to be non-responsible.

Also, all contractors conducting work for the City with Federal or State Funds shall abide by the requirements set forth in Section 135 of the Department of the Interior and Related Agencies Appropriation Act for fiscal year 1990 relating to the use of federal monies for lobbying efforts and 720 ILCS 5/33E relating to bid rigging.

Procurement Standards for Projects Using State or Federal Funds:

When a project is being partially or wholly funded by state or federal funds the bid process is subject to these additional criteria:

- ✦ Contractors who develop or draft specifications, requirements, statement of work (scope of services) or request for proposals are excluded from competing for the job's procurement.
- ✦ Prior to bidding contractors must notify the City of any record of state or federal compliance issues.

State and federal funded projects are also subject to all criteria listed above this section.

TRAVEL AND EXPENSE REIMBURSEMENT POLICY

PURPOSE:

The purpose of this policy is to establish standards and to achieve consistent treatment for the reimbursement of expenses incurred in the service of the City of Peru. It is intended to be the resource for City officials (elected and appointed) and all City employees for the preparation of expense reports.

A. Allowable Reimbursable Expenses

- a. Reimbursable expenses are those that a city official or employee must incur as a result of their responsibility to the respective position.
- b. All employees must have such expenses approved by their respective department head prior to incurring the out-of-pocket costs.
- c. Approved expenses may include:
 - i. Meeting or conference admission costs
 - ii. Hotel rates
 - iii. Auto mileage
 - iv. Parking fees and tolls
 - v. Taxi and/or rental cars
 - vi. Meals at meetings, conferences, and varying city events (gratuuity up to a maximum of 20%)
 - vii. Other approved items that are directly related to the city
- d. All reimbursable expenses are subject to final council approval

B. Procedures to Request for Reimbursement

- a. Complete provided reimbursement report
 - i. All details required need to be populated on report
 - ii. The report needs signed approval (respective department head)
- b. An original itemized receipt that must include:
 - i. Business or provider of the service or goods
 - ii. Date of transaction
 - iii. Itemized list of purchases
- c. Submit report to finance department

C. Invalid Requests for Reimbursement

- a. Incomplete reimbursement report
 - i. No signed approval
 - ii. Missing detail
- b. Non-itemized receipts
 - i. Receipts without the business named on the receipt
 - ii. Receipts without line items of goods or services purchased
 - iii. Receipts without the date and time listed
- c. Non-reimbursable expenses
 - i. Items for personal use
 - ii. Alcoholic beverages

D. Special Consideration for Invalid Requests

- a. Written explanation
 - i. Employee prepared description of why the requests did not meet policy and should still be considered for reimbursement.
 - ii. Three signature override
 - 1. Department head
 - 2. Alderman
 - 3. Mayor or City Clerk
- b. Resubmit to finance department

E. Elected Officials

- a. Expense reports submitted by elected officials, outside of the regular duties of the position, require authorization in advance. Expense reports are then approved by the city clerk, with final approval by city council.
- b. The City Clerk's expense reports are approved by Administrative Services Manager with final approval by city council.
- c. An elected official and/or designate engaged in business on behalf of the City may claim for adult beverages they purchased while promoting the interests of the City of Peru. A detailed expense claim stating the names of all individuals involved and the purpose of the event shall be included with any such expense report.

CREDIT CARD POLICY

PURPOSE:

The purpose of this policy is to establish standards and to achieve consistent treatment for use of city credit cards. City credit cards are intended for use when normal purchasing methods are unavailable for needed City business.

CARDHOLDER AND USER RESPONSILITIES

- a. City credit cardholders are limited to department heads and the City Clerk.
- b. The cardholder is the custodian of the card and is responsible for its safekeeping. Cardholders must notify the Finance Office immediately if the card is lost or stolen.
- c. All users must complete the "City Credit Card Payment Voucher" for each purchase.
- d. Other users (not cardholders) must file the "Credit Card User Form" each time they use a city card.
- e. All purchases of goods or services must be for official business of the City of Peru. Examples of items excluded from credit card purchase:
 - a. Purchases where the goods or services can be billed for payment as in the traditional method.
 - b. Purchases of goods or services for personal use.
 - c. Purchases not approved by the department head.
- f. Users must submit detailed receipts that include:
 - a. Business or provider of the service or goods
 - b. Date of transaction
 - c. Itemized list of purchases
- g. Users must notify vendors or merchants that the credit card transactions are tax exempt from Illinois Sales Taxes (E9995-5873-07).
 - a. Tax exemption form is located on the shared drive at

Credit Card User Form

Please complete this form when checking out a credit card from a cardholder:

1. Complete Section 1
2. Leave with Cardholder
3. Complete Section 2

Section 1:

Credit Cardholder Name (Print): _____

Cardholder's signature: _____

Date: _____

I acknowledge receipt of the above cardholder's city credit card and agreed to only use the card in accordance with the "City of Peru's Credit Card Policy":

User of Credit Card Name (Print): _____

User of Credit Card Signature: _____

Date: _____

Section 2:

User of Credit Card Name (Print): _____

User of Credit Card Signature: _____

Date: _____

I acknowledge receipt of the city credit card and the completed "City Credit Card Payment Voucher" form

Credit Cardholder Name (Print): _____

Cardholder's signature: _____

Date: _____

City Credit Card Payment Voucher

- 1. Complete and sign this form
- 2. Attach credit card receipt
- 3. Submit one form per credit card receipt
- 4. Attach to monthly credit card statement and submit to City Clerk & Treasurer within 7 days of receipt of statement.

Date of Purchase: _____ Total amount of purchase: _____

Description of Purchase / Notes: _____

If considered "entertainment" (per IRS regulations) the following information must be provided:

Business Purpose _____

Who was present (benefitted from purchase) _____

Location _____

These purchases were actually incurred as necessary expenses and are true and correct as to every material matter.

Credit Cardholder

Payment Authorization: _____ Date: _____

City Clerk