

**CITY OF ARDEN HILLS**  
**PURCHASING POLICY**  
(Revised 3/06/2014)

**GENERAL PHILOSOPHY**

The City of Arden Hills is committed to be responsible, prudent, and wise in spending the taxpayer's funds.

The purchasing policy was developed by the City to be followed and enforced. It is difficult to identify every possible scenario in this document that might be considered prudent or imprudent. In addition, the city is cognizant of the value not only of the following spending policies, but also the public perception of prudence. The City employees should make every attempt to adhere to the policies and exercise good business judgment in spending. It is recognized that even the best policies will need to be revised periodically and modified as needed.

**PURCHASING**

**POLICY:**

The City's policy is to purchase goods and services at the most cost effective and competitive rates, yielding the desired service, turnaround and value for the dollar. This practice must ensure the best utilization of funds, vendor selection, and adherence to ethical business practices including integrity, honesty, and avoidance of conflict of interest.

**SCOPE:**

This policy applies to purchase of goods or services that includes: competitive bidding, vendor selection, signature authority, purchase orders and coding.

**COMPETITIVE BIDDING**

1. ~~Purchases between \$7,500 and \$50,000. Purchases of goods and services must be competitively bid. At least, two written bids must be obtained from the vendors.~~

Purchases between \$25,000 and \$100,000. Purchases of goods and services must be competitively bid. At least, two written bids must be obtained from the vendors.

2. ~~Purchases over \$50,000 must be advertised as sealed bids.~~

Purchases over \$100,000 must be advertised as sealed bids.

- 3. ~~Purchases at and over \$2,500, but under \$7,500. Obtain a minimum of two verbal or faxed bids from vendors.~~
- 4. ~~No bids required for purchases under \$2,500~~

Purchases at or under \$25,000 may be made either upon quotation or in the open market, in the discretion of the governing body.

It is not the policy of the City to accept the lowest bidding vendor. The acceptance of the bid may be based on a number of factors, including: Cost, demonstrated working experience in the specific area, past experience with the City, overall quality of work, and in emergency situations.

Exception to this policy may be made in order to maintain continuity of services, their in-depth knowledge of the City's operations or systems, the uniqueness of the services offered, and in emergency situations. Examples include, but not limited to: Auditing Services, Financial Services, Engineering Services, Legal Services, Maintenance Contracts, Building Maintenance, Architectural Services, and other similar services. Exception can also be made if the project requires unique skills or if bids cannot be obtained due to lack of interest from the vendors. It is the responsibility of the department head to document the rationale for the vendor selection, particularly when the lowest bid is not accepted and/or if a bid was only received or obtained from one vendor.

**Spending Not Requiring Council Action**

**AUTHORIZATION LIMITS**

Individual	\$ Limit - Budgeted	\$ Limit - Unbudgeted
City Administrator	up to \$ 7,500	up to \$ 5,000
Director of Finance and Administrative Services	up to \$ 5,000	up to \$ 2,500
Public Works Director	up to \$ 2,500	up to \$ 1,000
Community Development Director	up to \$ 2,500	up to \$ 1,000

Note: All payments in excess of \$7,500 must be approved by the City Council, unless the project, in aggregate, was previously approved by the City Council. The department director, along with the concurrence of the Director of Finance and Administrative Services, may delegate signature authority to another individual in their department for a set dollar amount, which should be significantly lower than their own signing authority. This authority must be in writing and be kept in the Finance Department.

***Items not requiring Council authorization prior to payment, but is part of the approved budget and over the authorization limits as described above:***

- Payroll and payroll related payments
  - Employee Expense reimbursements
  - Insurance Premiums
  - Routine Operations (utilities, supplies, cleaning services, etc.)
  - Items that were previously approved by the Council.
  - Emergency payments or other payments to avoid late fees or interest charges.
1. Finance will process payments on a weekly basis. Payments that do not require Council authorization will be issued on Fridays.
  2. Payments that require Council action will be issued after the approval.
  3. A complete list of all paid and unpaid claims will be presented at the regular Council meeting under the consent agenda items.

### **PURCHASE ORDERS & CODING INVOICES**

It is a prudent business practice to issue purchase orders prior to the purchase of goods and services. As a practical matter, no purchase orders are required for purchases under \$1,000. Purchase orders can only be signed by the authorized individuals as outlined above with their respective signing authority. The City Administrator or the Director of Finance and Administrative Services may co-sign a purchaser order if the order exceeds the director's authorization level.

Purchase orders are issued by the individual departments and retained by them until the goods and services are received. Upon the receipt of the invoice, the department head will approve the invoice for payment and forward the invoice, along with the purchase order to the Director of Finance and Administrative Services for processing.

All invoices are required to be coded and signed by the department head, or authorized delegate, before forwarding them to the Finance Department for processing.

### **NEW VENDORS**

Selecting new vendors is at the discretion of the department head. When selecting a new vendor the department head is required to also obtain a w9 from the vendor. The city requires a w9 before payment can be processed for the vendor.