

ORDINANCE 14-01

WHEREAS, on January 6, 1994, the Hyrum City Council passed and posted an ordinance adopting the Hyrum City Municipal Code, a recodification of municipal ordinances encompassing the Revised Ordinances of Hyrum City and ordinances adopted through July 15, 1993; and

WHEREAS, Chapter 3.04 of the Hyrum City Municipal Code is known as the Purchasing Ordinance of Hyrum City and sets forth purchasing policies and procedures for use by municipal employees in acquiring equipment, materials, supplies, and services; and

WHEREAS, the City Council has determined there is a need to amend the purchasing ordinance to reflect changes in current purchasing practices and policies.

NOW, THEREFORE, the City Council hereby adopts, passes and publishes the following:

AN ORDINANCE AMENDING TITLE 3, CHAPTER 3.04 (THE PURCHASING ORDINANCE) OF THE HYRUM CITY MUNICIPAL CODE.

BE IT ORDAINED by the City Council of Hyrum City, Cache County, State of Utah, as follows:

1. Chapter 3.04 of Title 3 of the Hyrum City Municipal Code is hereby amended as follows:

3.04.010 Short title.

The ordinance codified in this chapter sets forth and adopts Hyrum City's purchasing system and policy. It is otherwise known as the "purchasing ordinance" and may be so cited. (Ord. 90-01 § 1)

3.04.020 Objectives.

The following are objectives of Hyrum City's purchasing system and policy:

- A. To purchase equipment, materials, supplies and services best suited to accomplish the desired task;
- B. To secure the correct quantities in order to avoid overbuying or underbuying;
- C. To ensure that equipment, materials, supplies and services are available to the correct departments when and where they are needed;
- D. To obtain equipment, materials, supplies and services at the lowest possible price by encouraging effective competition in public purchasing by competitive bidding, bulk buying, and standardization of specifications for equipment, materials, supplies and services;
- E. To locate and identify several supply sources for

- critical materials in order to prevent shortages;
- F. To establish procedures for disposal and/or assignment of surplus equipment, supplies and materials;
 - G. To establish policies and procedures to enhance the efficiency and effectiveness of the city's accounts payable system;
 - H. To establish policies and procedures for inventory and control of equipment, supplies and materials purchased by Hyrum City. (Ord. 90-01 § 2)

3.04.030 Purchasing procedures.

- A. All purchases, except as otherwise noted, shall be requested on purchase order forms. Purchase orders must be completed in accordance with the requirements of Section 3.04.040.
- B. Purchase of equipment, materials, supplies and services exceeding three thousand dollars shall be supported by at least two verbal quotations, which will be recorded on the purchase order form, or by a written, sole-source justification. Services exceeding ~~two~~ ten thousand dollars shall require ~~a signed service contract.~~ requests for three written quotes with at least two being returned and filed with purchase order form.
- C. ~~Purchase of equipment, materials, supplies or other services~~ A building improvement, the construction or repair of a public building or structure, exceeding ~~fifteen~~ forty thousand dollars shall normally be opened for competitive bidding and the award made by the City Council. A public works project, defined to include; parks, recreational facilities, pipelines, sewer systems, water systems and other such things, exceeding seventy-five thousand dollars shall normally be opened for competitive bidding and the award made by the City Council. The City Council may require competitive bidding on any item regardless of estimated cost.
- D. The City Council may waive the bid requirements provided herein, if it determines such action to be in the best interest of the City and in compliance with applicable state law. (Ord. 00-02; Ord. 90-01 § 3)
- E. State bid purchases will require state bid number and other applicable information be recorded on the purchase order.

3.04.040 Purchase orders.

- A. 1. Purchase orders shall be issued for the acquisition of all equipment, materials, supplies and services for both necessary and

allocated within departmental budgets for the operation of each department within the city.

2. Exceptions to purchase order requirements include:

- a. Billings for telephone service, natural gas service, power purchases, monthly payroll and employee benefits vendors; and
- b. Taxes, bond and loan payments, authorized monthly travel expenses; and
- c. Professional or contractual services approved by council action.

B. All regular purchase orders must contain the following:

1. The name and address (at least city) of the vendor;
2. The department to which the purchase is to be charged (including line item within the department if possible);
3. The date the purchase order is issued;
4. The quantity, item description, project description (if applicable), and the exact (or estimated) cost of each item covered by the purchase order;
5. The total cost of the items covered by the purchase order;
6. The signature of the person authorized to issue the order.

C. The following persons are authorized to sign purchase orders and as such are purchasing agents for the city:

1. Mayor;
2. City council members;
3. City Administrator
4. City recorder;
5. City treasurer;
6. Librarian;
7. ~~Public works director;~~ Department Heads;
8. ~~Electric superintendent;~~
9. ~~Waste water treatment superintendent;~~

~~10.~~ 8. Fire chief.

D. No purchase order in excess of ~~two~~ five thousand dollars may be authorized or signed without council approval. Inclusion of a specific item or service in an adopted budget shall be considered approval by the council.

E. Standing or blanket purchase orders may be issued monthly to individual vendors for the purchase of miscellaneous items of materials, supplies, parts, etc., in instances where quantities or apportionments cannot be anticipated. Blanket purchase orders shall be issued on the standard purchase order form and shall include the following information:

1. Vendor name and address;
 2. The time period for which the blanket order will remain valid (not to exceed one month);
 3. The maximum aggregate amount authorized by the blanket order (one thousand dollar limit);
 4. The department(s) issuing the order;
 5. The signature of the authorized issuer.
- F. 1. Purchase orders shall be distributed as follows:
White copy to vendor;
Pink copy to department;
Yellow copy to accounts payable;
2. The yellow copy must be fastened to the invoice prior to approval for payment. (Ord. 01-01; Ord. 00-02; Ord. 95-01; Ord. 92-20; Ord. 90-01 §4)

3.04.050 Petty cash purchases.

- A. The petty cash fund is controlled and maintained by the city treasurer and is limited to a maximum of three hundred dollars.
- B. Employees receiving money from petty cash must present an approved petty cash slip to the treasurer. The petty cash slip must contain the date, the amount of cash requested, a description of the expenditure, the account number to be charged, and the signature of ~~his supervisor~~ the City Administrator or his designee. Petty cash recipients must also sign the petty cash slip acknowledging receipt of the money. A sales receipt for the expenditure must be attached to the petty cash slip.
- C. Where petty cash is given to an employee prior to the expenditure, the employee must return a sales receipt to the treasurer within one working day from the date of disbursement.
- D. Petty cash purchases shall be limited to fifty dollars per occurrence.
- E. When the petty cash fund becomes depleted, the treasurer will summarize all expenditures made during the period. The individual petty cash slips and other supporting documents will be attached to the summary sheet and forwarded to the accounting department or city recorder. Both random and annual audits will be made of the petty cash fund. (Ord. 00-02; Ord. 90-01 § 5)

3.04.060 Emergency purchases.

- A. An emergency shall exist when a breakdown in essential equipment or services occur; or when unforeseen circumstances arise which may affect the life, health or safety of Hyrum City residents. A true emergency usually occurs with the failure of equip-

ment while performing a critical service. The need for emergency purchases because of failure to anticipate normal maintenance or other requirements is to be avoided.

- B. When an emergency occurs, the employee shall immediately notify his supervisor, who shall purchase the required commodity or service. If the estimated cost of the item exceeds ~~two~~ five thousand dollars, the supervisor shall notify the City Administrator (or the mayor in the absence of the City Administrator for his approval.
- C. Whenever possible, even under emergency conditions, the supervisor should secure competitive quotations and order the commodity or service from the lowest bidder, particularly if the estimated cost exceeds ~~two~~ three thousand dollars.
- D. Within twenty-four hours during the normal working week, or by the end of the first working day following a holiday or weekend, emergency purchases shall be reported to the accounting department by submitting a purchase order, a tabulation of quotations (if any), a delivery or sales receipt, and a written explanation detailing the circumstances of the emergency. (Ord. 00-02; Ord. 90-01 § 6)

3.04.070 Competitive bidding.

- A. The general policy of Hyrum City is that all goods, services and equipment exceeding an estimated purchase price of ~~fifteen~~ forty thousand dollars for building improvements and seventy-five thousand dollars for public works projects shall be purchased only after competitive bidding unless otherwise directed by Hyrum City council.
- B. The opportunity to bid should be largely unrestricted. Any attempt to eliminate or restrict competition, either through local preference or through manipulation of specifications, runs counter to this policy.
- C. "Qualified bidder" means a bidder who has proven by experience or information furnished to the satisfaction of Hyrum City council that his current financial resources, production or service facilities, service or reputation and experience are adequate to perform in a satisfactory and responsible manner the contractual services on which he bids; and who has not violated any provisions of this policy.
- D. All bids submitted for construction projects with a total estimated cost in excess of forty thousand dollars must be accompanied by a bid bond or a cashier's check equal to five percent of the full bid amount.

- E. All contracts awarded to the lowest qualified bidder for construction projects exceeding forty thousand dollars must be accompanied by a performance bond furnished by the contractor equal to the total amount of the contract.
- F. Each invitation to bid should include only related items or services.
- G. Each invitation to bid should specify the conditions of delivery as an integral part of the contract in order that competition is focused on the delivered price.
- H. Each invitation to bid shall be published in a newspaper of local distribution in at least two issues and/or mailed to at least three of the most qualified providers of the equipment, materials, supplies or services requested. Bid deadlines shall not be less than ten days following the last publication or fifteen days from certification of mailed invitations.
- I. All invitations for bids shall be authorized by the Hyrum City council. Inclusion of a specific item or service in an adopted budget shall be considered council authorization.
- J. All bids shall be sealed. They shall be opened in a public meeting in order that bidders and other interested persons may be in attendance.
- K. Awards should always be made in strict accordance with written specifications.
- L. If a contract is awarded to other than the lowest qualified bidder, the reason for accepting a higher bid must be specified and made public.
- M. Hyrum City reserves the right to accept or reject any and all bids, and waive any informality in the bidding process. (Ord. 00-02; Ord. 90-01 § 7)

3.04.080 Receiving.

- A. The supervisor issuing the purchase order (or designee thereof) shall be responsible to inspect equipment, materials and supplies upon delivery, verifying conformance with the specifications set forth by the purchase order and the absence of shipping damage.
- B. The supervisor shall resolve any problems revealed through inspection with the vendor or carrier, as appropriate.
- C. If the merchandise is acceptable, the supervisor shall, ~~prior to the next council meeting,~~ sign the vendor's invoice indicating receipt and acceptance of the merchandise, and approving the invoice for payment.
- D. All invoices thus signed by the appropriate

supervisor shall then be submitted to the city recorder for pre-audit (as required by the UCA 10-6-139) prior to payment. (Ord. 90-01 § 8)

3.04.090 Payment of purchase orders and invoices.

- A. It shall be the general policy of Hyrum City to disburse payments for invoices, reimbursement vouchers (except petty cash), deposit refund vouchers, or claims made in any other manner two times each month: once following the first council meeting (on or near the tenth of the month), and again following the second council meeting (on or near the twenty-eighth of the month).
- B.
 - 1. All disbursements shall:
 - a. Be subject to the applicable purchase order regulations;
 - b. Be approved by the appropriate supervisor;
 - c. Be approved by the city administrator.
 - 2.
 - a. Exceptions to the preceding council meeting acceptance and approval include:
 - i. Items offering early payment discounts wherein all other payment requirements are met but the invoice must be paid prior to the next regular council meeting in order to receive the discount;
 - ii. Payroll and associated tax or benefit payments required by specific dates;
 - iii. Regular billings for supplies and services (such as electricity) due by specific dates each month; or
 - iv. Any time-sensitive payment for equipment, materials, supplies or services previously approved by the council action.
 - b. These exceptions will be subsequently included on the listing submitted for council acceptance at the next regular council meeting. (Ord. 03-03; Ord. 00-02; Ord. 90-01 § 9)

2. REPEALER. All ordinances, resolutions, and zoning maps of the city, or parts thereof inconsistent herewith, are hereby repealed, but only to the extent of such inconsistency. This repealer shall not be construed as reviving any law, order, resolution or ordinance or part thereof.

3. DECLARATION OF SEVERABILITY. Should any provision, clause, or paragraph of this ordinance or the application thereof to any person or circumstance be declared by a court of competent jurisdiction to be invalid, in whole or in part, such invalidity shall not affect the other provisions or applications of this ordinance, the zoning map, or the Hyrum City Municipal Code to which these amendments apply. The valid part of any provision, clause, or paragraph of this ordinance shall be given independence from the invalid provisions or applications and to this end the parts, sections, and subsections of this ordinance, together with the regulations contained therein, are hereby declared to be severable.

4. EFFECTIVE DATE. This ordinance shall become effective upon posting three (3) copies in three (3) public places within Hyrum City.

5. ADOPTION. This ordinance is hereby adopted and passed by the Hyrum City Council this 6th day of March, 2014.

HYRUM CITY

BY: _____
Stephanie Miller
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Posted: _____