

TITLE 3

FISCAL AFFAIRS

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CHAPTER 3.04

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3.04.01 Purchases of \$20,000.00 or under See **Addendum A** (Ord. No. 1365, Sec. 1 repealed by implication by Ord. No. 1466.)

3.04.02 Purchases over \$20,000.00 See **Addendum A** (Ord. No. 1365, Sec. 2 repealed by implication by Ord. No. 1466.)

3.04.03 Waiving of bidding That the Blytheville City Council, by ordinance, may waive the requirements of competitive bidding in exceptional situations where this procedure is deemed not feasible or practical. (Ord. No. 1365, Sec. 3.)

3.04.04 Approval of payments The Mayor, or his duly authorized representative, may approve for payment out of any funds previously appropriated for that purpose, or disapprove any bills, debts or liabilities asserted as claims against the city, when funds on hand are adequate to pay such bills, debts or liabilities. That the payment or disapproval of any bills, debts or liabilities not covered by a previous appropriation shall require confirmation of the governing body. (Ord. No. 1365, Sec. 4.)

3.04.05 Sale or exchange of supplies, materials or equipment That the Mayor, or his duly authorized representative, may sell or exchange any municipal supplies, materials or equipment without competitive bidding if such supplies, materials or equipment have a value of less than ten thousand (\$10,000.00) dollars. That no supplies, materials or equipment shall be sold without receiving competitive bids therefor if the value thereof exceeds the sum of ten thousand (\$10,000.00) dollars. (Ord. No. 1365, Sec. 5.)

3.04.06 State contracts

- A. The City of Blytheville be and is hereby authorized to participate in state contracts, which the Department of Finance and Administration, Office of State Purchasing, has entered into for the purchase of supplies, services, equipment and certain materials pursuant to the State Purchasing Law and Amendment 54 to the Arkansas Constitution.
- B. The City of Blytheville is hereby bound by all authorized contract terms and conditions as the Department of Finance and Administration, Office of Purchasing, prescribes. Such terms and conditions may include a reasonable fee to cover the administrative costs which the Department of Finance and Administration incurs as a result of the city's participation in a contract. Further that the city does agree to be bound in all such terms and conditions.
- C. The City of Blytheville is hereby authorized to directly pay the vendor under such state contract in which it participates, for items it receives pursuant to the contract and does hereby agree to make such direct payment. (Ord. No. 1248, Secs. 1-3.)

CHAPTER 3.05

DISPOSAL OF REAL PROPERTY

Sections:

- 3.05.01 Seal bids
- 3.05.02 Notice contents
- 3.05.03 Council review of proposed sale
- 3.05.04 Additional requirements
- 3.05.05 Fixed asset list

3.05.01 Seal bids Property determined to be eligible for sale to the public shall be sold by sealed bids after advertisement in a local publication of general circulation in Mississippi County, Arkansas for at least 5 days prior to the date that sealed bids are accepted by the city. (Ord. No. 1787, Sec. 1.)

3.05.02 Notice contents The notice of bids shall include the requirements for the purchase of said property by any person desiring to submit a bid; the requirements shall include but not be limited to the following:

- a. The price must be paid in full at the time of the sale;
- b. The purchaser shall have 6 months to show improvement to the property based on the proposal for use of the property which shall be included in the bid submitted;
- c. The bid must include a proposal for use of the property by the new purchaser and a schedule for redevelopment, demolition or other action to be taken by the purchaser and the amount of time proposed for completion;
- d. In the event the purchaser does not make substantial progress or complete the proposed redevelopment or other action as proposed in the sealed bid, the property shall revert to the city after notice to the purchaser that they have violated the conditions of the purchase as determined by the code enforcement committee of the city council;
- e. The purchaser shall be responsible for any title work or other expense in connection with the property they are submitting. a bid for and the city shall not be responsible for any costs and shall not warrant title to the property. The conveyance shall be by Quitclaim Deed and shall include a right of reverter clause if the conditions of the sale are not met by the purchaser;
- f. The purchaser shall be responsible for payment of any and all fees for filings, taxes due, or any other costs associated with acquisition of the property and there shall be no cost to the city.
- g. The City shall have the right to reject all bids. (Ord. No. 1787, Sec. 2.)

3.05.03 Council review of proposed sale The code enforcement committee or its designee shall prepare and submit to the city council for review all proposed sales prior to publication of the notice of bids prior to their publication. (Ord. No. 1787, Sec. 3.)

3.05.04 Additional requirements The code enforcement committee shall be authorized to include additional requirements as needed in any notice of bids whether set forth hereinabove or not. (Ord. No. 1787, Sec. 4.)

3.05.05 Fixed asset list The City of Blytheville, Arkansas establish a \$1,000.00 minimum cost per item on past and future purchases to be recorded as a fixed asset. (Ord. No. 1570, Sec. 1.)

CHAPTER 3.08

BONDS ISSUED

Sections

3.08.01

Ord. No. 1515	<u>Bonds issued by reference</u> An ordinance authorizing Sales and Use Tax Refunding & Improvement Bonds
Ord. No. 1516	An ordinance authorizing Sales and Use Tax Bonds
Ord. No. 1543	An ordinance authorizing Sewer Revenue Refunding Bonds.
Ord. No. 1544	An ordinance authorizing Water Refunding Revenue Bonds
Ord. No. 1550	An ordinance authorizing Industrial Development Revenue Refunding Bonds.
Ord. No. 1565	Amending Ord. 1516 Heritage Center Improvement Bonds.
Ord. No. 1599	Water System Bonds
Ord. No. 1602	Sewer System Bonds
Ord. No. 1613	Industrial Development Revenue Bond
Ord. No. 1653	Restructuring of the City's outstanding taxable Industrial Development Revenue Bonds
Ord. No. 1657	Authorizing the issuance of sales and use tax refunding and improvement bonds for the purpose of financing and refinancing the cost of capital improvements;
Ord. No. 1664	Approving Assignment of Industrial Development Revenue Bonds
Ord. No. 1699	An ordinance authorizing the issuance of Industrial Development Revenue Bonds
Ord. No. 1720	An ordinance authorizing the issuance of Industrial Development Revenue Bonds
Ord. No. 1745	An ordinance authorizing the issuance of Industrial Development Revenue Bonds
Ord. No. 1803	An ordinance authorizing the issuance of Industrial Development Revenue Bonds.
Ord. No. 1808	An ordinance authorizing the issuance of Industrial Development Revenue Bonds
Ord. No. 1818	An ordinance authorizing the issuance of water refunding and construction revenue bonds
Ord. No. 1821	An ordinance authorizing the issuance of Industrial Development Revenue Refunding Bonds
Ord. No. 1841	The issuance of a Sales and Use Tax Bond (Repealed by Ord. No. 1871)
Ord. No. 1856	An ordinance authorizing the issuance of Industrial Development Revenue Bonds
Ord. No. 1857	An ordinance authorizing the issuance of a taxable Industrial Development Revenue Bond
Ord. No. 1871	An ordinance authorizing the issuance of Sales and Use Tax Bonds
Ord. No. 1880	An ordinance authorizing the issuance of Industrial Development Revenue Bonds

CHAPTER 3.12

PROMISSORY NOTE ISSUED

<u>Sections</u>	
<u>3.12.01</u>	<u>Promissory note issued by reference</u> An ordinance authorizing the issuance of a promissory note to provide financing for various capital improvements; authorizing the sale of the note and the execution of a note purchase agreement
Ord. No. 1514	
Ord. No. 1552	An ordinance amending ordinance no. 1514 authorizing the issuance of a promissory note to provide financing for various capital improvements
Ord. No. 1614	An ordinance authorizing the execution of a lease purchase agreement with First Security Leasing, Inc. In order to finance vehicles for the police department
Ord. No. 1615	An ordinance authorizing the issuance of a promissory note to refinance short-term financing obligations under amendment no. 78 to the Arkansas constitution
Ord. No. 1644	An ordinance authorizing a lease purchase agreement for the purpose of financing the costs associated with a performance-based efficiency project to improve the energy efficiency of certain of the City's existing facilities; pledging the guaranteed efficiency savings as security for the payment of the amounts to become due under the terms of the lease purchase agreement; designating the lease purchase agreement as a qualified tax exempt obligation
Ord. No. 1712	The Mayor is authorized to enter into a contract with SSR Ellers, Inc. for professional services not to exceed the sum of \$350,000.00 for repairs and rehabilitation to the Blytheville Wastewater System.

CHAPTER 3.16

SALES TAXES

<u>Sections</u>	
<u>3.16.01</u>	<u>Sales taxes issued by reference</u> 1/4% sales and use tax for police and fire protection. 1/4% sales and use tax for Infrastructure Improvements. Temp. 1% sales and use tax for repayment of income withholdings. Temp. 1/2% sales and use tax, for public safety and bond repayment.
Ord. No. 1427	
Ord. No. 1429	
Ord. No. 1721	
Ord. No. 1814	

Addendum A

Purchasing Manual Authorized by Ord. No. 1499, Ord. No. 1671 amendment.

PURPOSE OF MANUAL

The purpose of this purchasing Manual is to provide one complete source of purchasing information. Each city department will utilize this information when obtaining supplies, materials, and services. The compliance with procedures, as set forth in this manual, is essential to the achievement of the primary objective of a centralized purchasing system.

OBJECTIVES OF CENTRALIZED PURCHASING

The primary objective of a centralized purchasing system is to maximize expenditures in a manner that will yield the most economical value for each tax dollar spent. The ramifications of this objective lead to other areas such as accountability, responsibility, and control. Therefore, departmental cooperation is of the utmost importance and responsibilities of each functional area in the purchasing process should be clearly understood.

ADMINISTRATION

The purchasing agent designated by the Mayor shall ensure that proper procedures for purchasing are followed.

RESPONSIBILITIES

Purchasing Agent/Office

1. Obtaining prices on comparable items.
2. Maintaining up-to-date vendor files.
3. Locating new and additional sources of supplies and services.
4. Advertising for bids, receiving bids, and maintaining bid files.
5. Selecting vendors, preparing purchase orders, and making purchases.
6. Insuring that selected vendors have complied with privilege license ordinances before purchase orders and contracts are issued.
7. Assisting in the preparation of specifications and maintaining files on specifications.
8. Maintaining historical performance files.
9. Assisting in the preparation of contracts.
10. Validating and discounting invoices.
11. Marketing and redistributing surplus assets.
12. Investigating complaints about merchandise and services and documenting the investigative results for future reference.

City Departments

1. Preparing purchase requisitions that supply complete information on item(s) to be purchased.
2. Assisting the purchasing office by suggesting sources of supply.
3. Planning purchases to eliminate avoidable emergencies.
4. Preparing specifications.
5. Confirming the receipt of purchased items.
6. Following up on contracts, issuing work orders, etc.
7. Insuring that department personnel do not make unauthorized purchases.

LEGAL AUTHORITY FOR PURCHASING

In the centralized purchasing system, only the purchasing department under the authority of the purchasing agent, as designated by the Mayor, is authorized to purchase items over \$50.00 in value for the city. Department heads and supervisors are only authorized to purchase, or make commitments to purchase, products under \$50.00 in value. However, this does not preclude departments from furnishing information on supplies or products and making recommendations to the purchasing agent and/or the Mayor. No other city employees are authorized to make any purchases without direct approval of their immediate supervisor or the department head.

ALL PURCHASING PROCEDURES MUST COMPLY WITH THE FOLLOWING

STATE STATUTE 14-58-303

“The Mayor or his duly authorized representative shall have exclusive power and responsibility to make purchases of all supplies, apparatus, equipment, materials and other things requisite for public purposes in and for the city and to make all necessary contracts for work or labor to be done or materials or other necessary things to be furnished for the benefit of the city, or in carrying out any work or undertaking of a public nature therein. Provided however, the governing body shall provide by ordinance the procedure for making of all purchases which do not exceed the sum of twenty thousand dollars (\$20,000.00); that where the amount of expenditures for any purpose or contract exceeds the sum of twenty thousand dollars (\$20,000), the Mayor or his duty authorized representative shall invite competitive bidding thereon by legal advertisement in any local newspaper; bids received pursuant to said advertisement shall be opened and read on the date set for receiving said bids in the presence of the Mayor or his duly authorized representative, together with any committee that may be named by the Mayor or the governing body for this purpose, and the officials designated to receive such bids shall have exclusive power to award the bid to the lowest responsible bidder, provided, however the Mayor and any committee designated to receive bids may reject any/all bids received; and provided further the governing body, by ordinance, may waive the requirements of competitive bidding in exceptional situation where such procedure is deemed not feasible or practical.”

RESIDENT FIRMS

In purchases of commodities by competitive bidding, the City shall accept the lowest qualified bid from a firm resident in Blytheville, provided that said bid does not exceed the lowest qualified bid from a non-resident firm by more than five percent (5%) and provided further that such resident firm made written claim for such preference at the time the bid was submitted. In calculating the preference to be allowed, the purchasing agent shall take the amount of the bid of the Blytheville dealer and deduct five percent (5%) from the total. If this later total is lower than the bid of the non-resident firm, then the award shall be made to the Blytheville firm.

CONFLICT OF INTEREST PROHIBITION

No officer or employee elected or appointed shall be interested directly or indirectly in any contract job for work or materials of the profits thereof, for services to be furnished or performed by the city, or for services to be furnished for any person, firm or corporation. Nor shall such officer or employee accept or receive directly or indirectly from any person, firm or corporation or other business acting or operating under a public franchise or indirectly from any such person, firm, or corporation or its agents any other service upon terms more favorable than is granted to the public generally. Any person violating the provisions of this section shall be guilty of a misdemeanor and fined in a sum not less than two hundred fifty dollars (\$250.00) no more than five thousand dollars (\$5,000.00) and every such contract or agreement shall be void. Any free service to city officials heretofore provided by franchise or ordinance shall not be affected by this section.

INITIATING A PURCHASE

PURCHASE REQUISITION

This form must be filled out and submitted to the purchasing department before the acquisition of any item of value in excess of \$50.00. Value in excess of \$50.00 is defined as the cost of the merchandise not including sales tax and shipping charges.

PREPARATION OF THE PURCHASE REQUISITION

The purchasing agent will issue to each city department a supply of prenumbered purchase requisition books. The department head or his designate will insure that the purchase requisitions are properly prepared and submitted to the purchasing department in numerical order including all voided requisitions.

1. The requisitions are prepared in three-(3) copies
 - A. Purchasing copy (white copy)
 - B. Finance copy (blue)
 - C. Departmental copy (green)

2. Type or print requisition giving the following:
 - A. Date
 - B. Department
 - C. Person requesting merchandise or service
 - D. Delivery date required
 - E. Delivery location
 - F. Line number (refer to budget)
 - G. Suggested vendors or last firm where item was purchased
 - H. Quantity desired.
 - I. Complete description of item(s) desired. (Use back of requisition if extra space is needed)
 - J. Requisition must be signed by department head or designated buyer.

PROCESSING OF REQUISITION

1. The white and the blue copies are sent to the purchasing agent and the green copy is kept in the requesting department's files.
2. Upon receiving the requisition, the purchasing agent will insure that numerical sequence has been followed. This procedure will help to insure that no incoming requisitions have been misplaced. Thereafter, the purchasing agent will shop for prices by telephone or formal bids. When the economical supplier is located a purchase order will be issued.

Once the purchase order has been written the original (white copy) of the requisition is attached to the yellow copy of the purchase order and filed in the purchasing department in purchase order number sequence. The blue copy, with the purchase order number on it will be returned to the requisitioning department. Once the merchandise is received, the invoice and or ticket is attached to the blue copy and returned to the purchasing agent to be processed for payment.

PETTY CHARGE

Departments may purchase an item up to \$50.00 directly from vendors on a purchase order without first approval of the purchasing agent. Delivery tickets for such acquisitions are to be signed by the authorized employee making the purchase. The delivery tickets and or invoices must be turned into the person designated by each department to receive such documents immediately after the purchase. Failure to follow this procedure incurs lost time in payment of bills and adversely affects the City's credit privileges. Any person repeatedly failing to turn in delivery tickets will be required to justify his/her reasons to the purchasing agent and or the Mayor.

Upon receipt of the delivery ticket a purchase order will be prepared. The vendor's invoice and or delivery tickets are to be attached to the purchase order (yellow copy) and forward to the purchasing office within two (2) working days of the date of the delivery ticket. It is the department head's responsibility to insure that this policy is not abused and that all personnel are diligently instructed as to the necessity of turning in all invoices or tickets. Also, the practice of "double billing", "splitting the invoice price", or any other practice of dividing a purchase in order to make the amount appear to conform with the criteria of this policy is prohibited.

PURCHASE ORDERS

Preparation and issuance for Purchases Under \$50.00

A. The purchase order is a prenumbered document and is prepared in three (3) copies as follows:

1. Vendor's copy (white)
2. Purchasing agent (yellow)
3. Receiving department copy (pink)

When these items are picked up or delivered the receiving department is to insure that all amounts as to quantity are correct and prices are in conformance with the purchase order. When invoices are received, they are to be verified for accuracy by the receiving department. The invoice is then attached the front of the # 2 (yellow) copy, dated and signed by the department head or his designate and forwarded to the purchasing agent within two (2) working days of the receipt of the merchandise. The #3 (pink copy) is to be retained in the receiving department files.

In case where a department chooses to pick up merchandise rather than have it delivered only that merchandise listed on the purchase order may be purchased.

Emergency Purchases

An emergency is defined as a situation in which public health or safety is endangered. A requisition sent to purchasing with the wording "This is an emergency" printed in the body will be given immediate attention. This requisition should be delivered directly to the purchasing agent rather than placed in the file with other incoming requisitions. If an extreme emergency exists purchase order numbers will be given to authorized personnel over the telephone. Purchase order numbers will be given over the telephone only in these situations.

Artificially created emergencies should be diligently avoided. Experiences has shown that must rush orders are the result of poor planning. Many vendors will charge a premium on rush orders, thus additional expenses are incurred and the objective of accountability, responsibility, and control is impaired. The purchasing department cannot be responsible for high prices or poor quality when emergency orders cause abandonment of standard pricing and selection procedures.

Blanket Purchase Orders

A purchase order will be issued by the purchasing agent on the first day of each month for those items whose vendor and price has been established for extended periods of time not to exceed one (1) year through formal bidding procedures. It shall be the responsibility of the requisitioning department to record all invoices on the face of and to attach all supporting documents to the back of the purchase order. All copies of the purchase order shall be returned to the purchasing department on the last business day of the month.

Variance of Purchasing Procedure Forms

No purchase orders will be issued "after the fact". Any purchase of \$50.00 or more that is made outside of the established purchasing procedures must be documented on the variance of purchasing procedure form. These forms will be attached to the invoice that was not properly executed.

Variance will be reviewed quarterly and reports will be made to department heads and the finance committee of the City Council concerning any abuses of the variance method. Acceptable variances are determined by the purchasing agent, the director of finance and administration, and/or the finance committee.

Budgeted Purchases

When a department wishes to order fixed assets or other services that have been approved by item or category in the annual budget the purchase process as defined in this manual is to be followed.

Non-Budget Purchase

When a department wishes to order items or services that exceed \$10,000.00 in cost and have not been included in the annual budget, approval from the Mayor must be granted before the purchase can be made.

FORMAL BID PROCESS

Formal bids are required by law on purchases of \$20,000.00 and over. However formal procedures may be used at any time that the Mayor or purchasing agent determine that special conditions so warrant. Formal bid procedure involve six basic operations; (1) preparation of bid specifications, (2) assurance of available cash, (3) advertisement for bids, (4) invitation to bid, (5) bid opening, and (6) award of the bid. (Ord. No. 1671, amendment.)

Preparation of Bid Specifications

Preparation of specifications on items to be bid are the responsibility of the requisitioning department. In some cases, this will mean communicating with external as well as internal sources of expertise. Care must be taken to prevent vendors from being “written out” of the specifications. These specifications will be transmitted to the purchasing agent along with a completed Bid Request Transmittal Form no less than 21 days prior to the bid opening date. The Bid Request Transmittal Form is to include:

1. Date
2. Name of requisitioning department
3. Title of item or project to be bid
4. Explanation of only source items
5. Signature of person who prepared specifications
6. Approval signature of department head
7. List of possible vendors (use extra sheet if necessary)
8. Dollar amount appropriated through the operating budget or special funds for acquisition.

Upon receipt of the bid request transmittal form the director of finance endorses certification that funding arrangements for the acquisition are in order. The purchasing agent then creates a bid file and vendor solicitation may commence.

Assurance of Cash Availability

The requisitioning department head shall receive confirmation from the Director of Finance that cash is available for the acquisition of the item.

Advertising for Bids

Under the formal bid procedure advertising in a local newspaper is required. This advertisement must appear at least (7) days, but not more than thirty (30) days before bids can be opened.

Invitation to Bid

Invitation to bid forms shall be prepared in sufficient quantity to allow one copy for each specifically invited bidder, one for the department head, one for the bid file, and three for unsolicited walk in bidders.

It is imperative that the following be clearly specified within the invitation to bid:

1. The date and time of the bid opening.

2. The name of item(s), quantity, and description
3. Complete specifications.

Sealed Bid Openings

All sealed bids shall be opened at the exact time, date and place as specified by the purchasing agent on the bid request form. After the opening, tabulations of the bid results will be made by the purchasing agent for submission to the Mayor.

Award of the Bid

The Mayor will award the bid and the purchasing agent will issue the purchase order.

INFORMAL BIDDING PROCEDURE

For purchases that amount to \$50.00 but not more than \$10,000.00, no less than three (3) telephone bids will be received by the purchasing agent and documented on the Telephone Bid Sheet. A telephone bid for an item will be effective for a period of three (3) months providing the low bidder maintains the same quotation. If the low bidder will not maintain the previous quotation, new telephone bids must be taken.

A letter of Justification must be attached to the telephone bid sheet if the award is made to other than the low bidder. This letter will be prepared and signed by the requisitioning department head.

Periodic checks shall be made by the purchasing agent on prices of items that fall within the \$50.00 to \$10,000.00 range to determine that the City is making the best possible purchases of products that fall within this category.

IDENTIFYING SUPPLIERS

Potential suppliers are selected on the bases of their ability to furnish and service their products. The purchasing department will maintain a list of suppliers of various products. Before purchases are made, these suppliers will be given an opportunity to furnish price quotations. New suppliers will be added to the bid list as they become identified.

ADDENDUM

As new legislation is enacted or purchasing policies and procedures are updated or changed that alter the scope of this manual, the purchasing agent will issue to each department an addendum to this manual. This addendum is to be placed in this manual and made a part hereof.

CONCLUSION

Obviously, no manual or directive can be written in a manner that will encompass every event. Therefore, those areas that have not been clearly defined in this manual are subject to discussion between the purchasing agent and any interested party.