



CITY COUNCIL

AGENDA BILL # AB22-0023

**City of Algona
200 Washington Blvd.
Algona, WA 98001**

ITEM INFORMATION

SUBJECT: Algona Policy Manual Sections 703 and 704	Agenda Date: May 23rd, 2022		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator		X
	City Attorney		
	City Clerk		X
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline:	Planning Commission		
	Civil Service Committee		

Staff Contact: Jessica Griess, City Clerk

Attachments: Algona Policy Manual Draft Sections 703 and 704

SUMMARY STATEMENT:

Here are sections 703 and 704 from the Purchasing chapter of our policy manual. 703 Additional Purchasing Provisions includes auctions, surplus property, emergency purchases, and interlocal agreements. 704 Purchasing Card Program goes over the roles in the program, the acceptable and unacceptable use of the cards.

This is the Council's second review of these policies.

COMMITTEE REVIEW AND RECOMMENDATION:

Finance Committee reviewed during the April meeting and asked that the sections be brought to Council.

RECOMMENDED ACTION:

RECORD OF COUNCIL ACTION

<i>Meeting Date:</i>	<i>Action:</i>	<i>Vote:</i>

Additional Purchasing Provisions

703.1 SOLE SOURCE VENDOR (PURCHASES THAT ARE CLEARLY AND LEGITIMATELY LIMITED TO A SINGLE SOURCE OF SUPPLY)

If, after conducting a good faith review of available resources, the requesting department director determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting department director will submit a written request for sole source procurement to the Mayor/Council for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the City is getting the lowest offered price.

The City Council shall approve all sole source purchases by resolution that identifies the factual basis for the sole source justification and concludes that “the purchase is clearly and legitimately limited to a single source or supply.” A sole source resolution shall not be required in case of emergency, under the terms and conditions specified in RCW 39.04.280(2)(b) and (c). On-going sole source purchases of materials, equipment, and supplies should be reviewed annually to ensure the pricing is still the lowest price for the City and that the conditions that justify the sole source purchase still exist.

703.2 PURCHASES INVOLVING SPECIAL FACILITIES OR MARKET CONDITIONS

RCW 39.04.280(1)(b) authorizes the City Council by resolution to waive established bidding requirements if an exceptional opportunity arises to purchase favorably-priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. The resolution must set forth the factual basis for the special market conditions.

RCW 70.95(A).090 authorizes exceptions to the requirements of Section 7 and Section 8 of this policy as it applies to purchases for Pollution Control Facilities as they are defined in RCW 70.95(A).020.

703.3 AUCTIONS

RCW 39.30.045 authorizes the City to acquire supplies, materials, and equipment through an auction conducted by an agency of the State of Washington, an agency of the United States, any municipality or other government agency, or any private party if the items can be obtained at a competitive price.

703.4 SURPLUS PROPERTY

The City may acquire surplus property from another government without the use of competitive quotes or bids (RCW 39.33.010), when it is possible to procure obvious bargains through the procurement of surplus or distress material, supplies, or equipment. The requesting department director will submit a written request for procurement to the Mayor for approval, and conduct price, terms, and delivery negotiations, as appropriate.

Additional Purchasing Provisions

703.5 PURCHASES IN THE EVENT OF AN EMERGENCY

Emergency is defined as "...unforeseen circumstances beyond the control of the municipality that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken." If an emergency situation has been declared, the Mayor or designee may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this policy when there exists a threat to public health, welfare, or safety or threat to proper performance of essential functions; provided, that such emergency procurements shall be made with such competition as is practical under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor/vendor shall be included in the contract file. As soon as practical, a record of each emergency procurement shall be made and shall set forth the contract's name, the amount and type of the contract, and listing of the item(s) procured under the contract, which shall be reported to the Council at the next subsequent meeting. If a contract is awarded without competitive bidding due to a declared emergency, the City Council must adopt a resolution certifying the emergency situation existed no later than two weeks following the award of the contract (RCW 39.04.280(2)(b)). The persons authorized to issue an emergency proclamation under MMC 2.60.090, in the same order of succession, are authorized to declare an emergency for purposes of this bidding exemption.

703.6 INTERLOCAL AGREEMENTS

The City may enter into Interlocal agreements with other public agencies similarly authorized under RCW 39.34.030. State law in regard to competitive bidding shall govern any cooperative purchasing agreement. The competitive bid process of the original jurisdiction may substitute for Algona's if consistent with the bidding laws that apply to Algona. "Piggybacking" on other jurisdiction bids requires an Interlocal agreement. All Interlocal cooperative-purchasing agreements shall be presented to Council for approval.

The Finance Department maintains an updated list of active Interlocal agreements through which the City of Algona may be able to realize savings. This list is available to all City staff for use in their procurement activities.

703.7 NO BIDS OR QUOTATIONS RECEIVED

When no responsive bids or quotations are received in response to an invitation to bid or request for quotations, the department director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid, or do the project with City employees for public works contracts, as the Mayor or his/her designee deems appropriate.

703.8 TRAVEL

All expense payments or reimbursements for travel and/or subsistence expenses must meet the requirements set forth in the City of Algona Travel Policy, which establishes policy and procedure related to obtaining travel authorization, advance travel funds, and expenditure or reimbursement

Additional Purchasing Provisions

for travel and subsistence expenses incurred in conduct of business of the City. Refer to the City of Algona Travel & Meal Policy for details.

Purchasing Card Program

704.1 ROLES AND RESPONSIBILITIES

- A. Purchasing Card Program Administrator - City of Algona's purchasing card program administrator, typically the City Clerk Treasurer or City Administrator or as otherwise appointed, is the person responsible for management and oversight of the purchasing card program and is responsible for the following:
1. Managing the purchasing card program and enforcing City of Algona's procedures for using the purchasing card, including disciplinary procedures related to unauthorized use of cards and card renewal procedures.
 2. Designating appropriate records to be maintained.
 3. Establishing and maintaining the purchasing card reporting structure/hierarchy for City of Algona and ensuring proper separation of duties.
 4. Reviewing and approving purchasing card user agreements/application forms.
 5. Ensuring that a card user agreement form has been signed by both the card user and appropriate approving official before issuing the card, and maintaining copies of the signed agreements in City of Algona's files.
 6. Maintaining a list of current cardholders, card custodians, and designated card users that are authorized to use cards.
 7. Obtaining cards from the issuing bank and distributing new and reissued cards to City of Algona's employees.
 8. Closing card accounts as necessary, and collecting and destroying cards upon employee reassignment or termination.
- B. Cardholder/Custodian - The cardholder is responsible for the following:
1. Receiving a copy of City of Algona's policies and procedures for purchasing cards, signing a card user agreement form, and receiving training before being issued and using a purchasing card.
 2. Using the purchasing card in accordance with all state and City of Algona's rules, policies, and procedures.
 3. Ensuring that the individual card is not given to or shared with other employees.
 4. Ensuring that departmental cards are safeguarded and accessible only to approved employees within the department.
 5. Obtaining and submitting valid supporting documentation for each purchase made.
 6. Obtaining appropriate pre-approval for purchases outside of established signature authority.
 7. Safeguarding card security at all times.
 8. Reporting lost or stolen cards immediately following City of Algona's procedures.

Purchasing Card Program

9. Surrendering cards upon termination, reassignment, or request.
 10. Reconciling the online data and the card statement to supporting documentation, at least monthly, and submitting to the appropriate fiscal department for review and approval.
- C. Fiscal Staff - The fiscal staff is responsible for the following:
1. Reviewing cardholder reconciliations, supporting documentation and account coding.
 2. Ensuring timely payment of card program invoices.
 3. Ensuring receipt of goods or services prior to payment of the purchasing card bill, as applicable.
 4. Ensuring that any disputes with the merchant are resolved, and arranging for credits, etc.
 5. Identifying and providing g/l codes for purchases which require payment of use tax.

704.2 TRAVEL

- A. Costs Other Than Meals - Cardholders may use purchase cards for registration fees, lodging, transportation and other appropriate charges as authorized by the official City of Algona travel policy.
- B. Meals
1. Itemized receipts are required for any meals paid for with a purchase card.
 2. The total spent on meals must not exceed the maximum allowable amount for the day per the City of Algona travel policy.
 3. City of Algona will not reimburse cardholders for the difference between maximum allowable amount and the actual meal expenses charged to the purchase card.
 4. Alcohol must not be paid for, regardless of the total cost of the meal.

704.3 UNACCEPTABLE USE OF PURCHASING CARDS

- A. Unacceptable Uses Include, But Are Not Limited To:
1. Cash advances.
 2. Purchases in excess of the limits authorized for the card.
 3. Gifts/donations.
 4. Splitting purchases to circumvent the daily or monthly purchase limits on a card, or to avoid competitive bidding limits or purchasing authority limits.
 5. Prepayments unless otherwise authorized by statute or rule.
 6. Purchases restricted by law or by City of Algona purchasing policy.

Purchasing Card Program

7. Fuel (established fuel cards should be used for City of Algona vehicles and fuel should never be purchased for personal vehicles).

704.4 PURCHASING CARD MISUSE

- A. It is the card user's responsibility to purchase only items that are necessary to carry out their job requirements and to comply with state statutes, rules, policies, and procedures.
- B. Department directors, in consultation with the City of Algona's purchasing card program administrator, are responsible for taking appropriate disciplinary actions, consistent with applicable policies, for misuse of the purchasing card.
- C. Card users who improperly use a purchasing card may be subject to prosecution and penalties to the full extent provided for by law.
- D. Department directors will be notified of purchasing card misuse by the purchasing card administrator and must approve, in writing, continued use of the card in question.

704.5 DISPUTED ITEMS

- A. City of Algona will immediately notify the merchant of any items in dispute. If the City of Algona is unable to get satisfaction from the merchant, the amount will be disputed with the issuing bank. Disputed items must be communicated to the issuing bank within 60 days after the date on the statement on which the disputed or incorrect charge first appeared.

704.6 LOST OR STOLEN CARDS

- A. If a purchasing card is lost or stolen, the cardholder, card custodian, or designated card user will immediately notify the issuing bank. Failure to notify the issuing bank may result in the City of Algona's responsibility for all charges.