

COUNCIL POLICY STATEMENT

Policy No. 18
General Subject: Finance
Specific Subject: Procurement Rules and Requirements
Date Approved: 7/18/2016
Amended 6/04/2018

PURPOSE

The Park Ridge Procurement Policy is designed to support the initiatives of the City Council and benefit the community at large in the City of Park Ridge.

This policy aims to

- Provide public confidence in City procurement processes
- Maintain broad-based competition for City business
- Install efficient and effective procurement procedures
- Utilize appropriate methods of source selection
- Highlight formalized and fully documented procurement guidelines
- Ensure that procurement activity is more accessible and visible to the public.

Per the City of Park Ridge Municipal Code 5.8.3, the Director of Finance is obligated to establish operational practices of the Finance Department and to enforce rules and regulations.

PROCUREMENT ETHICS

The procurement rules and requirements apply to all expenditures of funds by the City of Park Ridge for goods and services supplied by external suppliers. All City employees must adhere to these rules and requirements, in both letter and in spirit, and without exception.

All City employees shall:

- Avoid any private or professional activity that would create a conflict of interest or the appearance of impropriety
- Avoid engaging in personal business with any supplier representative or similar person
- Avoid lending money to or borrowing money from any supplier
- Avoid any and all potential for nepotism
- Avoid any overlap of duties in the procurement process
- Safeguard the procurement process from political or outside influence
- Manage conflicts of interest appropriately

Procurement interaction with suppliers must be fair and transparent. All City employees shall:

- Refrain from showing favoritism or being influenced by suppliers through the acceptance of gifts, gratuities, loans or favors
- Safeguard supplier confidentiality
- Refrain from requiring suppliers to pay to be included on a preferred supplier list unless a fee has been established for all suppliers
- Refrain from requesting donations of goods or services to the public entity
- Select suppliers on the basis of meeting appropriate and fair criteria
- Discourage the unfair use of purchasing leverage or influence when dealing with suppliers
- Avoid the exertion of undue influence or abuses of powers
- Treat all suppliers fair and equal

For all procurement-related activities, any attempt to realize personal gain through public employment by conduct inconsistent with the proper discharge of a City employee's duties is a violation of this policy.

Remedies against Employees who breach the ethical standards of this Policy include:

- 1) Oral or written warning or reprimand
- 2) Suspension with or without pay for specified periods of time
- 3) Termination of employment

Any effort to influence any City employee to breach the standards of ethical conduct set forth in this Policy is a violation of this policy, including, but not limited to, gratuities, kickbacks, and influence peddling.

Remedies against non-employees who breach the ethical standards of this Policy include:

- 1) Written warnings or reprimands
- 2) Termination of transactions
- 3) Debarment or suspension from being a contractor or subcontractor under City contracts

A potential supplier can be suspended from consideration for an award recommendation if there is sufficient cause. The suspension shall be for a minimum of twelve (12) months. The causes for a suspension include, but are not limited to:

- Conviction for commission of a criminal offense incident to obtaining or attempting to obtain a public or private contract or subcontract or incident to performance of such contract or subcontract;
- Conviction under state or federal statutes of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving of stolen property or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a contractor;
- Conviction under state or federal and anti-trust statutes arising out of the submission of bids or proposals;
- Violation of material bid/contract provision, such as a deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the bid/contract, or a recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more bids/contracts, provided that failure to perform or unsatisfactory performance caused by acts beyond the control of the contractor shall not be considered to be a basis for suspension
- Breaching the ethical standards of this Policy.

A decision to suspend a supplier must be documented in writing, stating the reason for the action taken. Any suspension action will be reported to the City Council at its next available meeting.

All elected officials, directors and officers of the City must comply with the provisions of 50 ILCS 105/3, 65 ILCS 5/3.1-55-10, and Article 2, Chapter 5 of the Park Ridge Municipal Code, which prohibit financial interests in contracts upon which the person may be called to vote.

SOURCE SELECTION FOR GOODS AND SERVICES

Unless specifically stated otherwise, all non-emergency purchases of goods and services by the City of Park Ridge in excess of \$2,500.00 shall be made by competitive methods. Moreover, the preferred source selection method for the City of Park Ridge shall be the competitive sealed bidding method described below.

BID - Informal Competitive Bidding

An informal competitive bidding process can be used for purchases of goods and services of up to \$20,000.00 when it is not advantageous to the city to conduct a competitive sealed bidding process or competitive best value bidding process. Purchases may be made in the open market based on receipt of at least three (3) competitive bids and every reasonable effort to solicit informal bids through direct supplier contact, local media, trade publications, purchasing cooperatives, procurement websites, manufacturer

contacts, and other cost-effective means in order to cast the widest possible net for suppliers should be made.

Contract award recommendations for the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the solicitation for an informal competitive bid will be presented to the City Council.

The Finance Department will keep records of all bidding activity, including informal competitive bid solicitations made.

BID - Competitive Sealed Bidding

Where competitive sealed bidding is utilized for purchases above \$20,000.00, an invitation for bids shall be issued which shall include a general description and all contractual terms and conditions applicable to the procurement. Adequate public notice of the invitation for bids shall be given at least five (5) business days prior to the date set forth therein for the opening of bids. In addition, every effort to distribute the invitation for bids through direct supplier contact, local media, trade publications, purchasing cooperatives, procurement websites, manufacturer contacts, and other cost-effective means in order to foster a competitive bidding event.

Bids shall be opened publicly in the presence of one or more witnesses at a time and place designated in the invitation for bids. A bids results summary, including but not limited to, the bid description, bid amounts, bidder entities and locations shall be posted, with the record and each bid being open to public inspection. Bids shall be unconditionally accepted without alteration or correction, and evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria that will affect the bid price shall be objectively measurable. No criteria may be used in bid evaluation that is not set forth in the invitation for bids.

Correction or withdrawal of inadvertently erroneous bids before or after recommendation of an award, or cancellation of awards or contracts based on such bid mistakes is permitted. However, after bid opening, no changes in bid prices or other provisions of bids prejudicial to the interests of the city or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination

If all responsible and responsive bids exceed available budgeted funds, and the lowest responsible and responsive bid does not exceed the city's available funds by more than five percent (5%), in situations where time or economic considerations preclude resolicitation of work of a reduced scope, it is then authorized to negotiate an adjustment of the bid price with the selected bidder, in order to bring the bid within the amount of City's available funds.

RFP - Competitive Best Value Bidding

Where competitive best value bidding process is utilized, a written invitation for bids shall be issued which shall include a description, all award recommendation criteria and their weights, and all contractual terms and conditions applicable to the procurement. Adequate public notice of the invitation for bids shall be given at least five (5) business days prior to the date set forth therein for the opening of bids. In addition, every effort to distribute the invitation for bids through direct supplier contact, local media, trade publications, purchasing cooperatives, procurement websites, manufacturer contacts, and other cost-effective means in order to foster a competitive bidding event.

Bids shall be opened publicly in the presence of one or more witnesses at a time and place designated in the invitation for bids. In addition, each bid will be scored against the pre-determined criteria and weights for a contract award recommendation. The amount of each bid, the name of each bidder, the score each bid received, and such other information shall be recorded.

Bids shall be unconditionally accepted without alteration or correction, and evaluated based on the requirements set forth in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery, and suitability for a particular purpose. Those criteria

that will affect the award recommendation score shall be objectively measurable wherever possible. No criteria may be used in bid evaluation that is not set forth in the invitation for bids.

Discussions may be conducted with responsible bidders who submit bids determined to be reasonably susceptible of being recommended for award for the purpose of clarification to assure full understanding of, and responsiveness to, the solicitation requirements. Bidders shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and such revisions may be permitted after submissions and prior to award recommendation for the purpose of obtaining best and final offers. In conducting discussions, there shall be no disclosure of any information derived from proposals submitted by competing bidders.

Correction or withdrawal of inadvertently erroneous bids before or after recommendation of an award, or cancellation of awards or contracts based on such bid mistakes is permitted. However, after bid opening, no changes in bid prices or other provisions of bids prejudicial to the interests of the city or fair competition shall be permitted. All decisions to permit the correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes, shall be supported by a written determination.

Contract award recommendations for the lowest responsible and responsive bidder whose bid meets the requirements and criteria set forth in the solicitation for a competitive sealed bid will be presented to the City Council.

RFQ – Request for Qualification

RFQ are used for soliciting statements of interest for professional services, such as legal or architectural work.

CONTRACT AWARDS AND APPROVALS

Rev 2018-19, June 4, 2018

\$10,000.00 or less - The Finance Director is authorized to approve expenditures of \$10,000.00 or less for goods and services, provided that any procurement approved in this manner is not artificially divided in order to qualify for such approval.

\$20,000.00 or less - The City Manager is authorized to approve expenditures of \$20,000.00 or less for goods and services, provided that any procurement approved in this manner is not artificially divided in order to qualify for such approval.

Emergency Expenditures

With the consent of the Mayor, the City Manager must declare in writing in that an immediate danger to public health, safety (or other substantial loss to the City) that requires immediate action and is then authorized to approve expenditures as needed to avert damage to a public facility or address a threat to public health, safety, or welfare. A full written determination of the basis of the emergency and for the selection of the contractor shall be reported to the City Council at its next meeting as a permanent and public record of the emergency purchase.

If the Mayor is not available, authority approval to spend up to \$50,000.00 for goods and services in the event of an emergency is required from two (2) of the following managers: City Manager, Police Chief, Fire Chief, and Public Works Director.

If the Mayor is not available, authority approval to spend \$50,000.01 or above is required from the City Manager and two (2) of the following managers: Police Chief, Fire Chief, and Public Works Director.

Miscellaneous Expenditures and Bids/Contract Situations

All other expenditures must be approved by the City Council. In all cases, the City Council shall have the right to reject any and all bids or award recommendations, or request a resolicitation.

When only one responsible and responsive bid is received, an award may only be made to such bidder if it is determined that: a) the price submitted is fair and reasonable; b) other prospective bidders had a reasonable opportunity to respond; and/or c) there is not adequate time for a resolicitation. A two-thirds majority of the City Council will be required to approve such an award.

Award of a contract for goods and services with an initial term of more than one year will also require a two-thirds majority of the City Council for approval. However, an option to renew or extend a pre-existing contract for up to one year may be approved by a simple majority vote, provided that the conditions of renewal or extension were included in the original bid solicitation and funds were available for the first fiscal period at the time of the original contract award.

Alternate bids that reveal more economical services, supplies, or materials than those specified in the original invitation to bid are encouraged by the City of Park Ridge. When an alternate bid is received that appears more advantageous to the City than the original solicitation for bids, a resolicitation may be recommended with modified specifications.

PROHIBITED SOURCING AND CONTRACT PRACTICES

Sole source procurement is not a permitted practice for non-emergency purchases of goods and services made by the City of Park Ridge in excess of \$2,500.00 except in compliance with the following procedure:

Not less than five business days before the Finance Committee considers a request for sole source procurement for a specified good or service, the City shall publish notice of intent to use sole source procurement for a specified good or service. The Finance Committee may grant approval for sole source procurement, by 2/3 majority approval of all Alderman, if any of the following criteria apply:

- a. only one known source exists for supplies or services as determined by documented research;
- b. no other reasonable alternative source exists that meets the agency requirements;
- c. only one source meets the business needs of the agency/state (e.g., compatibility, unique feature to meet state's business need, etc.); and
- d. procurement of public utility services.

Prior to presenting the request to the Finance Committee, the Department requesting the sole source procurement shall prepare a fact-based, written justification for the Finance Committee to review that addresses each applicable criteria set forth above.

For any competitive source selection process, the quantity of goods or services beyond the amount indicated in the invitation for bids may not be increased significantly when recommending a contract award to the City Council.

VENDOR QUALIFICATION AND SELECTION

The City may issue an RFQ, when appropriate.

CONTRACT TERMS AND CONDITIONS

"Evergreen" contracts are to be avoided.

A term agreement beyond one year is only allowed if the City has identified a need that will definitely be met through the entire contract length and will receive more advantageous terms and conditions than if a one year term contract was implemented. To add another year or term to an existing contract, it is possible to use an addendum. The contract with its addendum should be treated as a new contract for the City. As a new contract, it would then follow normal procurement approvals process.

DEFINITIONS

EVERGREEN CONTRACT

These are agreements between two parties that is automatically renewed or rolled over after each term period, until canceled by the either party.

RFI - Request for Information.

These are usually short documents that ask specific questions about the goods and services a vendor provides.

BID - Request for Quote or an Invitation to Bid.

These are requests for pricing based on a specification or description.

RFP - Request for Proposal.

These are often lengthy documents that provide detailed information on requirements, such as function & workflow, business goals, integration specs, etc. to the suppliers, so they may answer specific questions about how their solution will meet needs and goals. It often includes Scope of Work (SOW), pricing information, price quote, contract terms & conditions, as well as detailed reference and qualification information.

RFQ – Request for Qualifications

These are used to solicit statements of interest for needed professional services, such as consultants qualified to perform engineering and architectural work.