



CITY OF WASHINGTON, ILLINOIS

City Council Agenda Communication

Meeting Date: May 5, 2025

Prepared By: Joanie Baxter, CPA – Finance Director 

Agenda Item: 2nd Reading – Procurement Policy

Explanation: In February 2025, the City Council reviewed a recommendation by Staff to increase the spending limits in the procurement policy. The explanation for this recommendation follows:

The last revision to the procurement policy was done in 2019. This policy established a \$ 15,000 threshold when City Council approval is necessary as well as triggering competitive bidding requirements for relevant public works projects. Staff had indicated in an earlier conversation that the competitive bidding requirements had increased from \$25,000 to \$35,000 and that may be a consideration in revising the policy. Upon further research (confirmed by the IML) it was found that the increase to \$35,000 applies to school districts and the \$25,000 limit still applies but it is for non-home rule municipalities only with no limit for home-rule municipalities except in the case of change orders.

Staff is not recommending that the City follow state statute and dispense with any competitive bidding; however, we would suggest considering applying the competitive bidding requirements only in the case of an engineered capital project. Staff believes that it is much more efficient and cost effective to obtain three written quotes from vendors in the case of smaller projects over (the proposed limit of) \$20,000 that do not involve engineering or complex specs, for example a roof or window replacement.

In addition, Staff recommends increasing spending limits in light of the fact that the consumer price index has increased in excess of 20% since 2019 and purchasing power has been reduced accordingly. This additional authority will help employees in the field to make the decisions necessary to complete work in an efficient and expedient manner. Keep in mind that all such spending decisions are still reviewed by the Department Head who is ultimately responsible for all transactions affecting their budget.

The Council's consensus at the time was to follow the Staff recommendation for the increases. As promised, a comprehensive policy was developed to incorporate other policies and procedures related to procurement, including the Suspension and Disbarment Policy as approved by the Council on April 7, 2025 as well as Responsible Bidder language. This Ordinance is attached.

Fiscal Impact: All expenditures are still reviewed by the City Council through the monthly bill approval process with purchases in excess of \$20,000 being approved in advance. The fiscal impact is the improved efficiencies of crews in the field having their spending authority increased in light of the increases in costs of goods and services since 2019.

Recommendation/Committee Discussion Summary: Staff recommends approval.

Action Requested: Approval of the Procurement Policy as discussed by the City Council in February.

ORDINANCE NO. _____

Synopsis: The following ordinance will grant the City Administrator the authority to increase the procurement authority of certain City positions.

AN ORDINANCE AMENDING CHAPTER 30 OF THE CODE OF ORDINANCES OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, FOR THE PURPOSE OF AUTHORIZING THE CITY ADMINISTRATOR TO EXTEND THE PROCUREMENT AUTHORITY OF CERTAIN CITY POSITIONS

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WASHINGTON, TAZEWELL COUNTY, ILLINOIS, as follows:

Section 1. That Chapter 30 of the City of Washington Code of Ordinances is hereby amended by replacing Section 35 (C) (11) with the following:

§ 30.35 (C) (11)

Be responsible for all procurement functions of the city as carried out by the **Finance Director**. The corporate authorities hereby delegate to the City Administrator the authority to transfer dollar amounts between and among budgeted line items within any given budgeted fund; provided, however, that the transfers of dollar amounts must be to and from line items within the same budgeted fund, and the transfers shall neither increase nor decrease the total expenditures for the fund. **The City Administrator shall have the authority to approve budgeted expenditures up to \$20,000.00. The City Administrator shall authorize Department Heads and the Deputy Chief of Police to approve budgeted expenditures up to \$7,500.00. Other supervisors shall be authorized to approve budgeted expenditures up to \$2,500.00. All budgeted expenditures shall follow the Procurement Policy as developed and updated from time to time by the City Administrator and approved by the City Council and which is hereby attached at Attachment A.**

Section 2. That this ordinance shall be in full force and effect from and after its passage, approval, and publication as provided by law.

PASSED AND APPROVED this _____ day of _____ 2025.

AYES: _____

NAYS: _____

Mayor

ATTEST:

City Clerk

City of Washington, Illinois Procurement Policy

The purpose of this policy is to provide for the fair and equitable treatment of all persons involved in public purchasing by the City, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

This policy applies to contracts for the procurement of supplies, services, and construction, entered into by the City. It shall apply to every expenditure of public funds by any City department for public purchasing irrespective of the source of the funds. When the procurement involves the expenditure of federal or state assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal or state laws and regulations.

Procurement is defined as follows: the buying, purchasing, renting, leasing, or otherwise acquiring of any supplies, services, or construction. It also includes all functions that pertain to the obtaining of any supply, service or construction, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration.

Budgeted Items shall include goods and services that have been anticipated in the Approved Annual Budget or items that are routinely necessary to complete the day-to-day operations of the City. In no case will staff be authorized to exceed the approved Annual Budget by Fund without City Council approval.

Non-budgeted items are those that would be considered to be non-usual and out-of-the-ordinary and could cause an individual fund to be over budget. Non-budgeted items shall be presented to the City Council for approval. The City Administrator shall recommend a funding source to the City Council.

Architect-Engineer and Land Surveying Services are considered professional services within the scope of practice of architecture, professional engineering, or land surveying as defined by the laws of the state. The City shall follow the State Procurement Policy. It is the policy of the State to procure these services on the basis of demonstrated competence and qualifications, and to negotiate contracts at fair and reasonable prices (Qualifications-Based Selection or QBS).

A "sole source" procurement is any contract entered into without a competitive/quotation process, based on a justification that only one known source exists or that only one single supplier can fulfill the requirements. Sole Source will only be utilized for those procurements in which it can be validated and documented by the Department Head/Deputy Chief of Police and approved by the City Administrator or the City Council depending on the total value as established in this Procurement Policy.

Emergency procurements of supplies, services, or construction items can be made when there exists a threat to public health, welfare, or safety, or where conditions exist such that a threat to public health, welfare, or safety is probable or imminent; provide that such emergency procurements have been made with such competition as is practicable under the circumstances. A written determination of the basis for emergency and for the selection of the particular contractor shall be included in the contract file and as soon as practicable, a record of each emergency procurement shall be made and written approval of the procurement shall be made by the appropriate individual depending on the value of the procurement including the City Council as a ratification if warranted.

Phone Quotations, Written Quotations and Competitive Sealed Bid processes will be standardized throughout the City Organization and adequate records kept for inspection and audit purposes. The City Council will be notified as current practice provides, however budgeted items below \$~~15,000~~ \$20,000 will be ~~presented in Committee Meetings~~ itemized in weekly briefings as deemed necessary and included in monthly financial reports. Attached to this policy is a procurement form to be used by all Supervisors, Department Head, Deputy Chief of Police and City Administrator.

Phone quotations and written quotations shall be documented on the procurement form attached to this policy. This form may be updated from time to time and approved by the City Administrator.

METHODS OF PROCUREMENT AND APPROVAL FOR BUDGETED ITEMS

Estimated Value	Method	Quotes	Solicitation	Approval
\$1,500 - \$2,500	Phone Quotations	2	Supervisor	Supervisor
\$2,501 - \$7,500	Written Quotations	2	Supervisor	Department Head/Deputy Chief of Police
\$7,501 - \$20,000	Written Quotations	3	Department Head/Deputy Chief of Police	City Administrator
Over \$20,000	Written Quotations	3	Department Head/Deputy Chief of Police	City Council
Engineered Capital Projects	Competitive Sealed Bid	N/A	Department Head/Deputy Chief of Police	City Council
Architect-Engineer and Land Surveying Services	Qualifications-Based Selection (QBS)	N/A	Department Head/Deputy Chief of Police	Determined by final contract price
Sole Source	Documentation	N/A	Supervisor	Determined by price
Emergency Procurement	Documentation	N/A	Department Head/Deputy Chief of Police	Determined by price

Purchasing Policies

Code of Ethics

All City personnel engaged in purchasing and related activities shall conduct business dealings in a manner above reproach in every respect. Transactions relating to expenditure of public funds require the highest degree of public trust to protect the interests of the City and the residents of Washington. City employees shall strive to:

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and City policies.
2. Maintain confidentiality at all times.
3. Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.
4. Specify generic descriptions of goods whenever possible in lieu of brand names when compiling specifications.
5. Never allow purchase orders for identical goods or services to be split in order to avoid or delay required City Council or other required approvals.
6. Purchase without favor or prejudice.

7. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.
8. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received and selection is based upon the lowest total cost compliant bid.
9. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the City administration to determine if a violation of this Purchasing Manual Code of Ethics has occurred and if any disciplinary action is necessary.

Conflict of Interest

Except as may be disclosed to and permitted by the City Council, it shall be a breach of ethical standards for any employee to participate directly or indirectly in the purchasing process when the employee knows that:

1. The employee is contemporaneously employed by a bidder, vendor or contractor involved in the procurement transaction; or
2. The employee, the employee's domestic partner, or any member of the employee's immediate family has a position with a bidder, offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest in the company; or
3. The employee, the employee's domestic partner, or any member of the employee's immediate family has a financial interest arising from the procurement transaction; or
4. The employee, the employee's domestic partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning prospective employment with a bidder, vendor or contractor.

The employee's immediate family shall be defined as a spouse, children, parents, brothers and sisters, and any other person living in the same household as the employee.

It shall be the responsibility of the City administration to determine if a violation of this Conflict of Interest policy has occurred and if any disciplinary action is warranted.

Gifts and Gratuities

City personnel should be aware that offers of gratitude from vendors could be designed to compromise objective judgment in product or service selection. Accordingly, it is City policy to observe the highest standards of ethics and to shield the employee, the City and the vendor from any suggestion or appearance of conflict of interest.

No employee shall permit any influence by vendors, which could conflict with the best interest of the City or prejudice the City's reputation. Expenditures of City funds to vendors shall not by intention personally benefit any person officially connected with the City. Employees shall strive to follow the following guidelines:

1. Tangible gifts or gratuities shall not be accepted where their value suggests something more than merely a social gesture. Such gifts should be returned with a statement of City policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday cards are acceptable. Items permitted under the City's gift ban ordinance are acceptable. Gifts that are

capable of being shared, such as a box of chocolates, shall be shared within the office or section where the recipient works.

2. Association with vendor representatives at business meals or business organization meetings is occasionally necessary and is neither questionable nor unethical, provided the individual keeps himself/herself free of obligations.
3. Personal loans of money or equipment are not to be accepted from a vendor or an individual associated with a vendor doing business with the City.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes must be approved by the City administration.
5. Corporate discounts granted to City employees are acceptable only if they are offered to all City employees and other corporate clients of the vendor.

If there is any doubt about the propriety of accepting a gift, the matter should be referred to the Department Head who will, if necessary, discuss the matter with the City Attorney or his/her designee.

Joint Purchasing

State of Illinois/Sourcwell

City employees are authorized to obtain goods and services using the State of Illinois/Sourcwell Joint Purchasing program. When available through the State program, it is not necessary for City employees to obtain quotes or to competitively bid the goods or services which are sought. Employees shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the City's needs and that pricing is competitive.

When making purchases using the State's assigned vendor, the purchase order (if applicable) provided to the vendor shall include the State of Illinois contract number and the City's assigned Joint Purchasing member I.D. number. This information should be included on the purchase order in the comments section. Approvals as required by the Purchasing Policy must also be secured depending on the amount of the purchase.

Other Units of Government

Employees are permitted to purchase items jointly with other units of government when the price of the goods or services sought is competitive and the quality meets the City standards. Prior to initiating the transaction, employees shall seek the prior approval of the Department Head (and City Council if \$20,000 or greater.)

Sole Source Purchases

Contracts for parts, supplies or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

1. Equipment for which there is no comparable competitive product or it is available only from one supplier.
2. Public utility services from natural or regulated monopolies.
3. A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer.
4. An item where compatibility is the overriding consideration, such as computer software.

5. An item used, for example, a television transmitter tower, that becomes immediately available and is subject to prior sale.

These items shall not be subject to requirements for seeking competitive quotes or bids. However, all such purchases in excess of \$20,000 must be approved by the City Council.

Emergency Purchases Policy

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety. In the event of an emergency affecting the public health and safety, the City Administrator, or Finance Director or his/her designee may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation. Documentation of the emergency and the need for immediate action shall be presented to the City Council in a reasonable period of time following resolution of the crisis.

An emergency purchase order can be issued authorizing a vendor to perform any and all work necessary only if the public health and safety could be affected. If the emergency and the need for immediate action equals or exceeds \$20,000, documentation shall be presented to the Mayor prior to such authorization. The following procedures shall be followed in the event an emergency purchase order is needed:

The Department Head requesting the emergency purchase order shall contact the Finance Director or his/her designee in order to have the purchase order issued. The Finance Director or his/her designee will then issue an emergency purchase order to the vendor. After the emergency has been resolved, the department shall enter a requisition for the goods purchased/service provided. Using the requisition comments, the department shall explain the need for the emergency purchase order and reference the purchase order number that was issued to the vendor.

The Finance Director or his/her designee will then add the requisition to the emergency purchase order.

Competitive Bidding Requirements

Although not a statutory requirement due to the City's Home-Rule status, the policy shall be that competitive, sealed bids will be required in the case of an engineered capital project. Otherwise, oral or written quotes will be obtained, and the appropriate approvals will be secured.

Suspension and Disbarment Policy

2 CFR Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards requires compliance with provisions of procurement, suspension, and debarment. The City of Washington is required to ensure that federal fund contracts are not awarded to any parties that are suspended or debarred. The verification will be accomplished by checking the System for Award Management (SAM).

Suspension and debarment are actions taken by the federal government against organizations or individuals who have committed fraud or a criminal offense in violation of federal law. The federal government prohibits expending federal funds or goods and/or services from any entity suspended or debarred from doing business with the federal government. Disbarred contractors are disallowed from bidding on government-funded projects.

A suspension is defined as a disqualification from federal procurement transactions for a temporary period, pending debarment proceedings. A disbarment is defined as an exclusion from federal procurement transactions.

The Finance Director will check the selected vendor on the SAM website at <https://www.sam.gov>, and search for the vendor using the Legal Business Name or Unique Entity Identifier (UEI). The Finance

Director will verify that the vendor is not listed as suspended or debarred and confirm the absence of any restrictions that would make the vendor ineligible.

The Finance Director will document the Suspension and Debarment verification by printing a copy of the Exclusion results and must include the date of the search and the name of the individual who conducted it (Appendix A). Copies of all documentation are to be filed with the Grant details.

This verification must be completed prior to the contract being awarded by the City Council. In addition, a verification will be made that the contractor is in good standing with the State of Illinois.

Twice a year, the Finance Department will recheck vendor eligibility in SAM.

If a vendor has been identified as being suspended or disbarred, the following actions may occur:

1. Vendors found to be ineligible after the award is granted, may be subject to contract termination.
2. Employees failing to follow verification procedures may face disciplinary action in accordance with organizational policy.
3. The contract may go out to bid again.

Responsible Bidder

Any party submitting a bid on a City public works project must comply with the following requirements in order to have their bid considered and to be awarded a contract:

1. The bidder must be a duly organized legal entity in good standing with the Illinois Secretary of State and in compliance with all laws prerequisite to doing business in Illinois.
2. The bidder must have a valid Federal Employer Tax Identification Number or Social Security Number.
3. The bidder must be an equal opportunity employer and comply with Section 2000(e) of Chapter 21, Title 42 of the United States Code and Executive Order No. 11246.
4. The bidder shall provide certificates of insurance indicating the following coverages if called for in the bid solicitation: general liability, workers compensation, completed operations, automobile, hazardous occupation and product liability.
5. The bidder must comply with all provisions of the Illinois Prevailing Wage Act (820 ILCS 130), including wages, medical and hospitalization insurance and retirement for those trades covered in the Act.
6. All contractors and sub-contractors performing services covered by the Illinois Prevailing Wage Act must submit to the City the certified payrolls required by the Act, as amended by Illinois Public Act 94-0515.
7. For purposes of this Ordinance, "public works" shall have the meaning stated in the Illinois Prevailing Wage Act, 820 ILCS 130/2, and "bidder" shall include any contractor or service provider who performs any public works for or on behalf of the City of Washington, Illinois.

Approved , 2025