



Administrative Policy

Policy Topic: Purchasing

Approved By: Village Board

Approved On: November 8, 2011

A. Authority to Purchase:

1. **PURCHASES UNDER \$1,000:** For purchases under \$1,000, a Village employee must obtain at least one quote and receive invoice approval from their respective department head. Pre-approval to purchase is not required.
2. **PURCHASES OF \$1,000 BUT UNDER \$5,000:** For purchases of \$1,000 but under \$5,000, a Village employee must obtain three written quotes and receive invoice approval from their respective department head.
3. **PURCHASES OF \$5,000 BUT UNDER \$10,000:** For purchases of \$5,000 but under \$10,000, a Village employee must obtain three written quotes and receive pre-approval to purchase from the Finance Director or Assistant Village Administrator (AVA). Invoices are to be approved by the respective department head.
4. **PURCHASES OF \$10,000 BUT UNDER \$20,000:** For purchases of \$10,000 but under \$20,000, a Village employee must obtain 3 written quotes and receive pre-approval to purchase from the Village Administrator. Invoices are to be approved by the respective department head.
5. **PURCHASES OF \$20,000 AND OVER:** For purchases of \$20,000 and over, Village Board approval is required. The item or service must be let for competitive bidding as appropriate and the Village Board shall award the contract to the lowest responsible bidder. Invoice approval from the respective department head is required.

PURCHASING APPROVAL MATRIX

Dollar Limit	Under \$1,000	\$1,000 to \$4,999.99	\$5,000 to \$9,999.99	\$10,000 to \$19,999.99	\$20,000 and over
Pre-Purchasing Approval	None	Department Head	Finance Director/AVA	Village Administrator	Village Board
Invoice Approval	Department Head	Department Head	Department Head and Finance Director/AVA	Department Head and Village Administrator	Department Head and Village Administrator
Competitive Process	1 quote	3 written quotes	3 written quotes	3 written quotes	Competitive bid awarded to lowest responsible bidder or RFP

B. Competitive Purchasing:

It is the policy of the Village of River Forest to procure needed materials, equipment, and services at the lowest possible cost. Where a competitive market exists for a particular purchase, the vendor is to be the lowest responsible bidder, selected on the basis of a competitive purchasing procedure. Competitive bidding for projects over \$20,000 may be waived by a two-thirds vote of the Village Board.

C. Petty Cash Funds:

Money for petty cash has been established for five different funds: Administration, Administration Front Desk Drawer, Police, Police Investigations and Fire. These funds are not to be used to avoid or circumvent normal purchasing procedures of the Village. The petty cash limit per individual purchase is \$50. All petty cash reimbursements require department head or supervisor authorization and must include a brief description of the expense and an appropriate account number.

The Village is exempt from Illinois sales tax and no reimbursement will be allowed for payment of Illinois sales tax if it is made. Village employees must obtain a Petty Cash Voucher and a receipt signed by the employee and appropriate supervisor to receive money from the Petty Cash Fund. All accompanying receipts must be original. If the employee did not obtain a receipt for submittal, supervisory approval must be noted on the Petty Cash Voucher. The user department must fill out the Petty Cash Voucher that includes a brief description of the expense, the account to be charged and department head/supervisor authorization.

D. Abuse of Purchasing Authority:

All employees who are given the authority to purchase are required to remain within the purchasing authority granted to them and are obligated to follow the rules of the Village of River Forest's Purchasing Policy.

E. Change Orders:

The Village Administrator is authorized to approve change orders less than \$20,000 so long as it does not exceed the previously authorized budgeted amount. Any change order that increases a contract by more than the total contract amount initially approved by the Village Board shall require approval by the Village Board.

F. Bidding Procedures for Purchases in Excess of \$20,000:

1. The Village initiates the formal bid process by describing the project to be bid, cost estimates, amount budgeted and time schedule for both the bidding and completion of the project. (note: additional information on the requirements for a contractor to perform work for the Village can be found in the Appendix A)
2. Detailed specifications are prepared and, if required a "Bid Notice" shall be published in at least one newspaper a minimum two weeks prior to the time designated for the opening of bids. An invitation to bid is mailed out to "Qualified Bidders" with past experience working on Village Projects. The Village and a member of the initiating department shall open the bids. Bids shall be read aloud and recorded on a recap sheet which shall be made available to the public.
3. Sealed bids and bid deposits (if required) are received. A public bid opening will be held immediately following the time that bids are required to be received. Bids received after the published date and time of day by which bids were to be submitted, unless extended through written addendum shall be rejected and returned unopened to the contractor submitting said bid.
4. Qualified bids are tabulated and analyzed by the Village and a written recommendation is made to the Village Administrator. The recommendation for award shall be based on the lowest responsible bidder meeting all specifications. With the approval of the Village Administrator, the bid recommendation is submitted to the Village Board for approval as an agenda item at a regular meeting of the Village board.

G. Pricing Criteria for Vendor Selection:

1. Current and past price quotes and contract prices.
2. Prices published in catalogues or price lists.
3. Prices available on the open market.
4. State/Intergovernmental purchasing contracts.

H. Important factors for Vendor Selection:

1. Has necessary qualifications, experience, financial resources and capacity to provide goods/services within specified time.
2. Documentation of successful operations from previous contracts with the Village of River Forest.
3. Documentation of successful operations from projects similar in size and scope.
4. Vendor compliance with the laws and/or ordinances relating to the service or materials.
5. Capability of the vendor to provide future maintenance and service.
6. The number and scope of any conditions attached to the proposal, quotation, or bid.
7. The quality, availability and adaptability of the materials or contractual services to the particular use required.

I. Exception to the General Policy for Vendor Selection:

1. Joint Purchasing: The Village may purchase supplies, personal property, and services through a joint purchase agreement with one or more other governmental units. Such purchases shall be let by competitive bid as provided by the Government Joint Purchasing Act, 30 ILCS 525/1 et seq.
 - a) State of Illinois: Village employees are authorized to obtain goods and services using the State of Illinois Joint Purchasing Program. When available through the State program, it is not necessary for Village employees to obtain quotes or to competitively bid the goods or services which are sought. However, employees must ensure that the goods or

services received from the State are competitively priced and that the goods or services are of a quality sufficient to meet the Village's needs.

- b) 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 Village's standards.
2. Sole Source Purchases: Contracts for parts, supplies, services or equipment that are available only from a single source are referred to as sole source purchases. Sole source purchases may arise from the following circumstances:
- a) Equipment or services for which there is no comparable competitive product/service or is only available from one vendor
 - b) Public utilities
 - c) A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer
 - d) An item or service where compatibility or service capability is the overriding consideration, such as computer software or maintenance agreements.
 - e) Supplies for which the Village has developed standards for consistency, such as water meters or computers, and are only available from one vendor.
3. Emergency Purchases: Emergencies are defined as events that could not have been foreseen where immediate action is necessary. Equipment failure, vehicle breakdown, storm damage and anything jeopardizing public safety and welfare are considered emergencies. In the event of an emergency affecting the public health and safety, the Village Administrator or designee may authorize purchases necessary to address the emergency. Emergency purchases over \$20,000 must be approved by the Village Administrator prior to the purchase and reported to the Village Board at the earliest opportunity for their approval. All emergency purchases must be thoroughly documented.
4. Professional Services: Professional services are exempt from the requirement of prior competitive quotes or bidding when the services require the exercise of professional and significant business judgment to the Village. Such services include, but are not limited to, doctors, attorneys, engineers, testing services, surveyors, auditors, bond consultants, real estate appraisers, architects or other professional consultants.

J. Purchases for which Sufficient Funds have not been Budgeted:

All purchases under \$20,000 for which sufficient funds have not been appropriated in the budget for the fiscal year require Village Administrator approval prior to the purchase. The expenditure should be taken from the appropriate account based on the nature of the expenditure. The Village Administrator may authorize a budget transfer to facilitate the expenditure, or authorize the over expenditure of a particular account if funds are available elsewhere in the department budget. Unbudgeted purchases over \$20,000 require Village Board approval. The request submitted to the Village Board for approval should include the authorization to increase the budget if necessary.

K. Credit Card Purchases:

The Village Administrator and Finance Director have access to the two (2) Village credit cards. Credit card purchases shall follow all processes and procedures outlined in this policy.

L. Purchase and Invoice Approval Form:

Purchases under \$1,000

A Purchase and Invoice Approval form is not required. The account number and accounts payable report description should be written on the invoice. The department head must approve payment of the invoice.

Purchases between \$1,000 and \$5,000

Once an item has been purchased and received, a Purchase and Invoice Approval Form must be completed. The form is used to document that the item was purchased in compliance with Village Purchasing Policies and has the appropriate approvals. Purchase and Invoice Approval forms must be signed in accordance with approval levels as designated in Section A.

Purchases over \$5,000

A Purchase and Invoice Approval form must be initiated prior to purchase and signed by the appropriate parties before a purchase can be made. The written quotes should be attached to the form when it is submitted for approval.

A sample Purchase and Invoice Approval form is attached.

M. Payroll and Debt Service Payments

Payments for payroll deductions withheld from employee checks and employer benefits, and debt service principal and interest payments do not require pre-

purchase approval. Such payments may be authorized by either the Finance Director or Assistant Village Administrator.

N. Accounts Payable

Accounts payable checks are prepared in batches on the 15th and last day of each month. Occasionally, manual checks may be processed at other times during the month if extenuating circumstances arise. All disbursements are reported to the Village Board following payment with the monthly Finance Report. Such disbursements have been previously approved by the Village Administrator within his/her purchasing authority or approved by the Village Board.

Appendix A
Sample language to be included in bid document

Insurance Requirements for General Contract Specifications:

Contractor shall procure and maintain, for the duration of the engagement, insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the work hereunder by the Contractor, his agents, representatives, employees or subcontractors.

MINIMUM LIMITS OF INSURANCE

Contractor shall maintain limits no less than the following:

A. Commercial General Liability: \$1,000,000 combined single limit per occurrence for bodily injury, and property damage and \$1,000,000 per occurrence for personal injury. The general aggregate shall be twice the required occurrence limit. Minimum General Aggregate shall be no less than \$2,000,000 or a project/contract specific aggregate of \$1,000,000.

B. Owners and Contractors Protective Liability (OCP): \$1,000,000 combined single limit per occurrence for bodily injury and property damage.

C. Business Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

D. Workers' Compensation and Employers' Liability: Workers' Compensation coverage with statutory limits and Employers' Liability limits of \$500,000 per accident.

E. Builder's Risk: Shall insure against "All Risk" of physical damage, including water damage (flood and hydrostatic pressure not excluded), on a completed replacement cost basis.

F. Environmental Impairment/Pollution Liability: \$1,000,000 combined single limit per occurrence for bodily injury, property damage and remediation costs.

VERIFICATION OF COVERAGE

Contractor shall furnish the member with certificates of insurance naming the member, its officials, agents, employees and volunteers as additional insured, and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates and endorsements may be on forms provided by the member and are to be received and approved by the member before any work commences. The attached Additional Insured Endorsement shall be provided to the insurer for their use in providing coverage to the additional insured. Other additional insured endorsements may be utilized, if they provide a scope of coverage at least as broad as the coverage stated on the attached endorsement, such as ISO Additional Insured Endorsements CG 2010 or CG 2026. The member reserves the right to request full certified copies of the insurance policies and endorsements.

PERMITS AND LICENSES

The CONTRACTOR shall obtain, at its own expense, all permits and licenses which may be required to complete the contract, and/or required by municipal, state, and

federal regulations and laws. All fees shall be included in the bid, no additional compensation will be allowed.

PREVAILING WAGE REQUIREMENTS

1. This Contract includes and incorporates the provisions of the Illinois Prevailing Wage Act (the "Act") (See, 820 ILCS 130/01. et. seq.) as if fully set forth herein. Contractor and subcontractors are responsible for ensuring their understanding of the Act and compliance with all relevant requirements, prerequisites, and aspects of the Act.

2. The Prevailing Wage Act requires that all Contractors and subcontractors performing work on any public works pay the generally prevailing rate of hourly wages and benefits for work of a similar character in the locality in which the work is being performed. If the prevailing wage rates are revised by the Illinois Department of Labor at any time during the term of the Contract, the revised rates shall take effect immediately and shall apply to the work being performed pursuant to this Contract. Contractor and subcontractors shall make payments in accordance with any new or revised prevailing wage rate. Prevailing wage rate updates can be obtained from the Illinois Department Labor at 1 West Old State Capitol Plaza, Room 300, Springfield, Illinois 62701, (217) 782-1710, or on the Internet at <http://www.state.il.us/agency/idol/>.

3. In addition, Contractor and subcontractors shall comply with all other applicable provisions of the Act, including but not limited to the following: Contractor and subcontractors must submit to the Village of Wilmette on a monthly basis certified payroll and must maintain those records for at least three years. Pursuant to the Prevailing Wage Act, the Contractor must insert into each subcontract (and each Subcontractor to cause to be inserted into each lower tiered subcontract) and into the project specifications for each subcontract a written stipulation to the effect that not less than the prevailing rate of wages shall be paid to all laborers, workers, and mechanics performing Work under the Contract.

4. Contractor shall defend and hold harmless the Village for any claim, suit or action, including costs of defense, expert witness and attorney fees, either at law, equity or in an administrative proceeding, arising from any alleged violation of the Prevailing Wage Act by Contractor or any subcontractors. The requirements of this Section shall survive the termination of the Contract formed hereunder.

INDEMNIFICATION

A. To the fullest extent permitted by law, Contractor shall defend, hold harmless, and indemnify the Village, its corporate authorities, trustees, officers, directors, agents, and employees from and against any and all injury, death, loss, property damage, judgments, liens, claims, suits, liabilities, actions, causes of action, demands, expenses, costs, or other liabilities of any character (including reasonable attorneys fees) arising in whole or in part, relating to or resulting from Contractor's (including Contractor's employees, agents, officers, directors, subcontractors and anyone directly or indirectly employed by Contractor or anyone for whose acts Contractor may be liable): (a) failure to comply with, or violation of, any federal, state or local law, statute, regulation, rule, ordinance, order of governmental directive; (b) acts, omissions or willful misconduct; (c) failure to comply with the terms, conditions, representations, or warranties contained in the Contract Documents; and, d) performance under this Contract. In connection with any such liabilities, the Village of River Forest, its officers, agents, employees, representatives and their assigns shall have the right to defense counsel of its choice and Contractor shall be solely liable for all costs, fees and expenses of such defense.

Any insurance policies required to be maintained pursuant to the Contract Documents shall in no way limit the extent of Contractor's responsibility to indemnify as herein provided. The terms of this indemnity shall survive the suspension, expiration or termination of this Contract.

B. Kotecki Waiver: Contractor (and any subcontractor into whose subcontract this clause is incorporated) agrees to assume the entire liability for all personal injury claims suffered by its own employees and waives any limitation of liability defense based upon the Worker's Compensation Act and cases decided thereunder. Contractor agrees to indemnify and defend the Village from and against all such loss, expense, damage or injury, including reasonable attorneys' fees, which the Village may sustain as a result of personal injury claims by Contractor's employees, except to the extent those claims arise as a result of the Village's own negligence.

COMPLIANCE WITH LAWS

A. OSHA STANDARDS

Contractor shall read and comply with all applicable Occupational Safety and Health Act (OSHA) standards. Special attention is directed to the Congressional Federal Register, Volume 58, Number 9, Thursday, January 14, 1993, Part 1910 (Permit Required Confined Spaces for General Industry.) Equipment supplied to the Village must comply with all requirements and standards as specified by OSHA. Items not meeting any OSHA specifications will be refused.

B. SUBSTANCE ABUSE PREVENTION ON PUBLIC WORKS PROJECTS ACT

1. Prior to commencing any Work, Contractor must demonstrate compliance with the requirements of the Substance Abuse Prevention on Public Works Projects Act (820 ILCS 265/1 et. seq.). Among other things, the Act provides that before commencing work on a public works project, an employer shall have in place a written program for the prevention of substance abuse among its employees which meets or exceeds the program requirements of the Act including, but not limited to, such matters as pre-hire, random, reasonable suspicion and post-accident drug and alcohol testing of employees. The employer's program must be filed with the public body engaged in the construction of the public works and must be made available to the general public.

2. Pursuant to the Substance Abuse Prevention on Public Works Projects Act, an employee may not use, possess, attempt to possess, distribute, deliver, or be under the influence of cannabis or a controlled substance, or use or be under the influence of alcohol, while performing work on a project covered by the Act. An employer may not permit an employee who violates the Act, who tests positive for the presence of a drug, or who refuses to submit to drug or alcohol testing as required under the employer's prevention program to perform work on a public works project until the employee meets certain specified conditions set forth in the Act. An employer shall remove an employee from work on a public works project, and prevent further access to the work, if the employee violates the Act, tests positive for the presence of a drug or alcohol, refuses to submit to drug or alcohol testing as required under the employer's prevention program, or, if there is a reasonable suspicion that the employee is under the influence of a drug or alcohol.

3. Contractor is responsible for reviewing the Substance Abuse Prevention on Public Works Projects Act (820 ILCS 265/1 et. seq.) to ensure compliance its requirements.

C. OTHER LAWS AND REGULATIONS

1. Contractor shall comply with all applicable laws, regulations and rules promulgated by any federal, state, local, or other governmental authority or regulatory body pertaining to all aspects of the Work, now in effect, or which may become in effect during the performance of the Work. The scope of the laws, regulations, and rules referred to in this paragraph includes, but is in no way limited to, the Illinois Human Rights Act, Illinois Equal Pay Act of 2003, Occupational Safety & Health Act along with the standards and regulations promulgated pursuant thereto (including but not limited to those safety requirements involving work on elevated platforms), all forms of traffic regulations, public utility, Interstate and Intrastate Commerce Commission regulations, Workers' Compensation Laws, Public Construction Bond Act, Prevailing Wage Laws, Smoke Free Illinois Act; Public Works Preference Act, Employment of Illinois Workers on

Public Works Act, USA Security Act, federal Social Security Act (and any of its titles), and any other law, rule or regulation of the Illinois Department of Labor, Department of Transportation, Illinois Environmental Protection Act, Illinois Department of Human Rights, Human Rights Commission, EEOC, Metropolitan Water Reclamation District of Greater Chicago and the Village of Wilmette.

2. Contractor shall comply with the provisions of the Illinois Public Works Employment Discrimination Act and the Illinois Human Rights Act/Equal Opportunity Clause which, pursuant to Illinois law, are deemed to be part of this Contract. The relevant provisions are fully incorporated herein by reference and are set forth below.

Illinois Human Rights Act/Equal Opportunity Clause (44 Ill. Admin. Code, Part 750, Appendix A):

EQUAL EMPLOYMENT OPPORTUNITY

In the event of the contractor's non-compliance with the provisions of this Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be cancelled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation. During the performance of this contract, the contractor agrees as follows:

1) That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, citizenship status, age, physical or mental handicap unrelated to ability, military status, or an unfavorable discharge from military service; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.

2) That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules) of minorities and women in the areas from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.

3) That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, citizenship status, age, physical or mental handicap unrelated to ability, military status, or an unfavorable discharge from military service.

4) That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the contractor's obligations under the Illinois Human Rights Act and the Department's Rules. If any such labor organization or representative fails or refuses to cooperate with the contractor in its efforts to comply with such Act and Rules, the contractor will promptly so notify the Department and the contracting agency and will recruit employees from other sources when necessary to fulfill its obligations there under.

5) That it will submit reports as required by the Department's Rules, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights Act and the Department's Rules.

6) That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purposes of investigation to ascertain compliance with the Illinois Human Rights Act and the Department's Rules.

7) That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the contractor will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the contractor will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.

Collusion:

The BIDDER certifies that the prices contained in the proposal have been established without knowledge of any other proposal on this item and the BIDDER has not colluded conspired, connived or agreed, directly or indirectly, with any other BIDDER, VILLAGE employee or any person, to fix the bid price submitted by the BIDDER or any other BIDDER, and agrees to indemnify the VILLAGE for any losses sustained by it due to illegal actions of the BIDDER. He also certifies that the BIDDER, its agents, owners, officers or employees have not been convicted or pleaded nolo contendere to bribery, bid rigging, pricing fixing or defrauding a unit of government in violation of Section 33E-3 or 33E-4 of the State of Illinois Criminal Code, 720 ILCS 5/33E-3; 33E-4.

Equal Pay Act:

- A. The successful BIDDER/CONTRACTOR, and all subcontractors thereof, shall at all times comply with the provisions of the Illinois Equal Pay Act of 2003, 820 ILCS 112/1, *et seq.*