

Fiscal Policies – Purchasing

The purpose of this policy is to provide guidance and procedures to be followed for the procurement of goods and services for all departments, and to provide safeguards for maintaining a procurement system of quality and integrity which is deserved by City of Milton taxpayers.

OBJECTIVES

The objectives of the City's purchasing policy are:

1. To ensure that materials, equipment, and services are purchased with consistent quality and performance;
2. To provide adequate controls over City expenditures and financial commitments with proper documentation;
3. To obtain quality goods required by City departments and;
4. To provide a standardized system of purchasing for use by all City departments.

APPLICATION

This policy applies to all procurements of equipment, supplies, services, and construction. It shall apply to all expenditures of public funds by a City employee for City purchasing irrespective of the source of funds. When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations. Nothing in this policy shall prevent any City employee from complying with the terms and conditions of any grant, gift, or bequest that is otherwise consistent with law.

VENDOR DISCOUNTS

It is the policy of the City to take advantage of available vendor/trade discounts and government pricing when the available discount provides the lowest cost for the same quality.

NON-BUDGETED ITEMS

All requested expenditures should be provided for in the current budget. However, purchases that have not been provided for in the current budget will require Common Council approval, and Council action will be taken to provide corresponding budget transfers. The Department Head should notify the Common Council and provide written documentation regarding the expenditure. Common Council will then review the request and make a determination.

EMERGENCY PURCHASES OF NON-BUDGETED ITEMS

Emergency purchases shall only be made to:

1. Prevent delays in construction or delivery of essential services
2. To prevent an immediate threat to the health or safety of the public and employees.

For emergency purchases of non-budgeted items or services, the appropriate Department Head shall make every effort to obtain three quotes for the item. The purchase shall be reviewed by the City Treasurer to ensure funds are available and approved by the City Administrator prior to ordering the item. In the City Administrator's absence, the purchase shall be approved by the Mayor prior to ordering the item. Additionally, the Common Council will be notified of the emergency purchase at the next scheduled meeting.

EMPLOYEE CONFLICT OF INTEREST

It shall be unethical for any City employee to participate directly or indirectly in procurement contract if the City employee knows that:

1. The City employee or any member of the City employee's immediate family has a financial interest pertaining to the procurement contract; or
2. The City employee, any member of his or her immediate family or their partner has an arrangement concerning prospective employment with or is an officer of and/or has an interest of at least 10% of the equity in the business or organization considered for a procurement contract.

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POLICY

The provisions of Wis. Statute 62.15 take precedence over any portion of this policy that may conflict. Public construction over \$25,000 shall be publicly bid.

Purchases may not be split to avoid the appropriate approval required by this policy.

RESPONSIBILITY OF THE TREASURER

1. Ensure funds are available for purchases pursuant to the budget.
2. Ensure the account is accurate in amount and a proper charge against the treasury.
3. Ensure the goods or services were duly authorized by the designated responsible party.
4. Provide a report of all expenditures to the Common Council monthly.
5. Review Purchase Orders for accuracy and completeness before presentation to the City Administrator.

AUTHORITY TO PURCHASE – BUDGETED ITEMS

Dollar Limit	Required Approval
Up to \$2,000	Division Head (or other employee Authorized by City Administrator)
\$2,000.01 to \$5,000	Department Head (or other employee Authorized by City Administrator)
\$5,000.01 to \$24,999.99	City Treasurer / City Administrator (Purchase Order Required)
\$25,000 and above	Common Council (Purchase Order Required)

PURCHASING PROCEDURE

Purchases made by the City of Milton are grouped under the following categories:

1. Purchases up to \$2,000
2. Purchases over \$2,000.01 to \$5,000
3. Purchases over \$5,000.01 to \$24,999.99
4. Public Construction over \$25,000 – Requiring a public bid with Class 2 Notice
5. Change orders in Public Construction Contracts

1. Purchases up to \$2,000. If the estimated price of an item is \$2,000 or less and is budgeted, the appropriate Division Head is authorized to purchase said item. The division head must sign and include appropriate general ledger account number on the invoice and turn into the City Treasurer. The City Treasurer will review the invoice for proper account coding and authorization before payment is made.
2. Purchases over \$2,000.01 but less than \$5,000. If the estimated price of an item is over \$2,000.01 but less than \$5,000 and is budgeted, the appropriate Department Head is authorized to purchase said item. The department head must sign and include appropriate GL number on the invoice and turn into the City Treasurer. The City Treasurer will review the invoice for proper account coding and authorization before payment is made.

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3. Purchases over \$5,000.01 but less than \$24,999.99. A Purchase order is required. For the purchase of a budgeted item involving an estimated expenditure of more than \$5,000.01 and less than \$24,999.99, the appropriate Department Head should make efforts to solicit enough quotes in order to receive at least three. If the lowest quote is not recommended by the Department Head, a report must be submitted to the City Administrator stating the reasons for the recommendation. The quotes shall be presented to the City Administrator for approval prior to ordering the item. Any project receiving only one quote shall be solicited for quotes a second time unless it is approved by a three-fourths vote of the Common Council. The City has the right to reject any and all quotes. Wisconsin Statute section 62.15 requires publishing of a class 1 notice for any public construction exceeding \$5,000 but not greater than \$25,000.
4. Public Construction over \$25,000. All public construction in which the estimated cost exceeds \$25,000 shall be set by contract to the lowest responsible bidders. The bidding process shall incorporate the requirements in Section 62.15 and 66.0901 of Wisconsin Statutes. Any project receiving only one bid shall be rebid unless it is approved by a three-fourths vote of the Common Council. The City has the right to reject any and all quotes and/or bids.
5. Change orders on Public Construction Contracts. Change orders on construction or similar contracts will follow the thresholds for approval of contracts for services. The Public Works Director or City Treasurer has the option at any time to refer the request for a change order to the Common Council as appropriate. The threshold of the change order shall not increase the original contracted cost of a Public Works project in an amount greater than 15%, pursuant to Wisconsin Statute section 62.15.

A Purchase order is NOT REQUIRED for the following purchases:

- Professional contracted service such as legal, architectural, engineering, auditing, maintenance contracts, and janitorial contracts. These expenditures are contracted and must have prior Common Council approval.
- On-going Utility expenditures such as electricity, natural gas, and telephone services.
- Payroll and related expenses such as employee insurance payments, pension payments and mandatory state and federal employee withholding. The City Treasurer will automatically charge the appropriate budget accounts.
- Routine expenditures, such as insurance premiums and bond payments, which received prior Common Council approval and authorization. The City Treasurer will automatically charge the appropriate department budget account.
- Sole-source purchases with only one known supplier for that item.
- Replacement purchases of items such as squad cars and large office equipment
- Note or Bond payments
- Public Works construction contracts awarded by Common Council
- Distribution of property taxes to other taxing jurisdictions



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SALE OF CITY OWNED PROPERTY

Real Estate. All municipally owned real estate determined to be sold by the Common Council shall first be appraised for its fair market value by a certified real estate appraiser. The Common Council shall have authority to ultimately determine the sale price and other terms of sale including whether the property should be advertised to the public for sale and/or sold through a licensed real estate broker. The City Administrator shall be authorized to act as the City's representative for purposes of negotiating the sale of such property. The Mayor and City Clerk shall be authorized to execute any and all documents necessary to transact such sale with prior approval by the Common Council.

Personal Property. All municipally owned personal property which no longer serves any useful purpose in any of the City departments may be deemed surplus. Surplus property shall be sold by either Wisconsin Surplus or sealed bid after public notice. A Class 2 public notice shall be published in the official City newspaper indicating the property to be sold and other terms of sale. Bids for such property shall be sealed and delivered to the City Clerk's office by the date and time indicated in said notice. The City shall reserve the right to accept or reject any or all bids for such property. The Mayor and City Clerk shall be authorized to execute any and all documents necessary to transact such sale with prior approval by the Common Council.