

RESOLUTION # 109

WHEREAS, the Finance and Administration Committee for the City of Chesterfield has voted unanimously to recommend that the attached Purchasing Manual be adopted by City Council;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL FOR THE CITY OF CHESTERFIELD that the attached Purchasing Manual is hereby approved and in full force and effect from this date forward until and unless it is subsequently modified.

Adopted this 16th day of December, 1991.

MAYOR

Jack Leonard

ATTEST:

City Clerk

Manda L. De May

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PREFACE

The Purchasing Manual shall provide full information concerning the purchasing administration and purchasing rules and regulations applicable to the City of Chesterfield. The policies described herein shall be used as a guide in any further development of the purchasing policies for the City. The City of Chesterfield, however, reserves the right to change or revoke this manual or any portion thereof, permanently or temporarily, if it is in the best interest of the City to do so.

Throughout this manual, the general use of the masculine pronoun is understood to apply to either sex.

CHAPTER I
DEFINITIONS

Words used in this manual in the present tense include the future as well as the present, the singular includes the plural, and the plural includes the singular. The following words have the significance attached to them in this section, unless otherwise apparent from the context of the section in which they appear. Various sections of the manual will include definitions where words must be defined for understanding and application to that particular section.

CITY - City of Chesterfield, Missouri

CITY COUNCIL - The elected governing body of the City of Chesterfield

CITY ADMINISTRATOR - The Chief Administrative Officer of the City of Chesterfield

DEPARTMENT HEADS - The recognized Department Heads of the City of Chesterfield -the Chief of Police, the Director of Planning and Economic Development, and the Director of Public Works/City Engineer

EXECUTIVE STAFF - the recognized Executive Staff of the City of Chesterfield - the Assistant City Administrator/Personnel Director, the Finance Director, and the City Clerk

FINANCE DIRECTOR - The Finance Director of the City of Chesterfield

MANAGEMENT - The Mayor and City Council, the City Administrator, Department Heads, and Executive Staff of the City of Chesterfield

MAY - Is permissible or optional

MAYOR - The Chief Executive Officer of the City of Chesterfield

SHALL - Is mandatory

CHAPTER II GOALS

This manual has been designed to ensure that the policies set by the City Council with regard to the expenditure of public funds are met by all City departments. (Purchasing Ordinance - Appendix A)

Section 1. Basic Goals

The basic goals of the City's purchasing ordinance are:

- A. To coordinate purchasing activities between the various departments and the Department of Finance.
- B. To ensure consistent use of purchasing forms.
- C. To purchase or contract for all supplies and contractual services needed by the City in accordance with all legal requirements.
- D. To procure the highest quality in supplies and contractual services at the least expense to the City.
- E. To discourage uniform bidding and endeavor to obtain as full and open competition as possible on all purchases and sales.
- F. To keep informed of current developments in the fields of purchasing, prices, market conditions, and new products, and secure for the City the benefits of research done by other governmental jurisdictions, national technical societies, and trade associations having national recognition, and private businesses and organizations.
- H. To exploit the possibilities of buying in bulk so as to take full advantage of discounts.
- I. To procure all Federal exemptions to which the City is entitled.

If these public purchasing goals are accomplished, public monies can be better managed and utilized.

CHAPTER III
GENERAL GUIDELINES

These general guidelines shall be considered administrative rules and regulations and are to be adhered to as closely as possible by all departments in the procurement of goods and services.

Section 1. Purchase of American Products

It is the policy of the City to encourage the purchase of products manufactured, assembled, or produced in the United States if the quality and price are comparable with other goods, in accordance with Missouri State Statutes (RSMo 34.350-34.359).

On purchases in excess of \$1,000.00, Department Heads or Executive Staff shall give preference to the purchase of American products over foreign products of comparable quality and price.

Every contract for public works construction or maintenance in excess of \$5,000.00 shall contain a provision requesting that the contractor use American products in the performance of the contract whenever the quality and price are comparable with other goods.

Section 2. Purchase of Missouri Products

It is the policy of the City to encourage the purchase of materials, products, supplies, provisions, and other needed articles produced, manufactured, compounded, made or grown within the State of Missouri, when they are found in marketable quantities in the State and are of a quality suited to the purpose intended and can be secured without additional cost over foreign products or products of other states; provided, however, that quality and fitness of articles shall be considered in purchase or letting contract for articles herein mentioned, in accordance with Missouri State Statutes (RSMo 71.140).

Section 3. Purchase of Recycled Paper Products

It is the policy of the City to encourage the purchase of recycled paper products when recycled paper can be obtained that is comparable to the quality presently used by the City and if the price is competitive, except that

all copy paper, pin-fed paper and stationery/envelopes purchased by the city shall be at least 50% recycled paper.

Section 4. Planning

Planning for purchases shall be done on both a short-term and long-term basis. Small orders and last minute purchases shall be kept to a minimum, thereby increasing the ability of each department to purchase its goods and services in larger quantities in order to obtain the maximum discounts available. Planning will also save on the number of trips required to obtain materials and minimize the amount of clerical and supervisory time spent on documenting purchases. The purchasing process begins with the preparation of the annual budget.

Section 5. Overdrafts Prohibited

No purchases will be authorized which would overdraw a budgetary account. Department Heads or Executive Staff who anticipate a purchase exceeding a budgetary account shall notify the Finance Director to ensure that the necessary steps are taken to transfer funds as specified in the Budget Ordinance. (Budget Ordinance - Appendix I). Department Heads or Executive Staff must make budgetary transfers according to the Budget ordinance using a Budgetary Transfer of Funds Request form (Appendix J). Approvals of transfers must be obtained as shown below:

- A. Transfer up to \$2,500.00 - Requires approval by the Finance Director.
- B. Transfer from \$2,500.00 to \$5,000.00 - Requires approval by Finance Director and City Administrator.
- C. Transfer over \$5,000.00 - Requires City Council approval.
- D. Transfers from Contingency or between Departments - Requires City Council approval.

Section 6. Buying Proper Quantity

It is the duty of each department to secure the best quality and service. These items are just as important as price. Quality buying is the buying of goods or services that will meet but not exceed the requirements for which the goods are intended. Different factors, such as durability, availability, ease of

installation, frequency of repair, or efficiency of operation, may be of primary consideration depending upon the item purchased. It is the responsibility of each Department Head or Executive Staff to become familiar enough with the available equipment to determine the appropriate quality required to develop specifications.

Section 7. Bribery

Bribery in any form represents malfeasance in employment and means that public funds are being mismanaged. Bribery by vendors in order to secure favorable consideration is seldom attempted. Vendors will usually attempt to secure favoritism by offering gifts or providing entertainment to City officials. The city has adopted a policy of considering it inappropriate for employees to receive and accept gifts and favors. The offer of gifts or favors from a firm or individual which has submitted a proposal to the City of Chesterfield are of particular concern. Even though the decision regarding the purchase of an item or the approval of a proposal may have been completed and finalized, the acceptance of a gift could give the appearance of receiving a reward for somehow having been involved in the process of selection or approval. Such gifts and/or favors should always be refused to avoid creating such a perception.

The recommended course of action when faced with the offer of a gift of any kind is to express your thanks for the individual's consideration and thoughtfulness, but to respectfully decline the gift due to the existence of this policy. Assurance should be given to any individual offering such gifts that you will continue to perform your duties to the best of your ability on behalf of all individuals who have business with the City of Chesterfield.

An exception to this policy is the acceptance of small gifts such as pens, pencils, note pads, etc. that can be used in the performance of your duties while at work, and non-alcoholic food items that can be shared equally and legally consumed on the premises by all employees such as fruit baskets, cookies, candy, etc. The name and address of the individual or organization offering such gifts should always be obtained so that a thank-you letter from the City Administrator's office may be sent acknowledging receipt of the gift and thanking the individual or the organization for their thoughtfulness. This will also emphasize the fact that the gift was not to your personal benefit, but to the City staff as a whole.

Section 8. Sales Tax

The City is exempt from paying all local and state sales taxes or Federal excise taxes. The Finance Department can provide vendors a copy of the exemption documentation, as requested.

Section 9. Public Access

All specifications, bid documents, purchase orders, and supporting documentation are public records which will be made available for public inspection upon request.

Section 10. Endorsements

It is the City's policy not to endorse or in any way permit an employee's name, position, or the City's name to be used and advertised as supporting a vendor or product.

Section 11. Personal Purchases

Purchases for employees by the City is prohibited. City employees are also prohibited from using the City's name or the employee's position to obtain special consideration in personal purchases.

Section 12. Conflict of Interest

No employee or elected or appointed official of the City or their immediate families shall have any financial interest in the award of a contract or purchase, nor shall they bid on the disposal of surplus property. Personal relations with vendors are not to deter close examination of vendor performance. Contract awards must always be to the lowest responsible vendor complying with the specifications.

Any purchase order or contract in which any employee of the City is financially interested, directly or indirectly, shall be void, except that before the execution of a purchase order or contract, the City Council shall have the authority to waive compliance when it finds such action to be in the best interests of the City.

Section 13. Ethics Policy in General

The proper operation of municipal government requires that public officials and employees be independent, impartial and responsible to the people; that government decisions and policy be made in the proper channels of the governmental structure; that public office not be used for personal gain; and that the public have confidence in the integrity of its government. In recognition of these goals, there is hereby established a procedure for disclosure by certain officials and employees of private financial or other interest in matters affecting the City.

- A. Conflicts of Interest. All elected and appointed officials as well as employees of the City of Chesterfield must comply with Section 105.454 of the Missouri Revised Statutes and Ordinance 604 regarding conflicts of interest as well as any other state law governing official conduct. The Mayor and any members of the City Council who has a substantial personal or private interest as defined by state law and set out below in any bill shall disclose on the records of the City Council the nature of his or her interest and shall disqualify himself or herself from voting on any matters related to this interest.
- B. Substantial or Private Interest. Any member of the City Council as well as any appointed officials and employees shall have a substantial or private interest in any measure, bill or other ordinance proposed or pending before the City if that interest is an ownership by the individual, his or her spouse, or his or her dependent children, whether singularly or collectively, directly or indirectly of: (1) 10% or more of any business entity; or (2) an interest having a value of \$10,000 or more; or (3) the receipt of a salary, gratuity, or other compensation or remuneration of \$5,000 or more, per year from any individual, partnership, organization, or association within any calendar year.
- C. Disclosure Reports. Each elected official the City Administrator (as the chief administrative officer) and the Director of Finance (as the chief purchasing officer) and the general counsel (City Attorney) (if employed full-time) shall disclosure the following information by May 1 if any such transactions were engaged in during the previous calendar year:
1. For such person, and all persons within the first degree of consanguinity or affinity of such person, the date and the identities of

the parties to each transaction with a total value in excess of five hundred dollars, if any, that such person had with the political subdivision, other than compensation received as an employee or payment of any tax, fee or penalty due to the political subdivision, and other than transfers for no consideration to the political subdivision; and

2. The date and the identities of the parties to each transaction known to the person with a total value in excess of five hundred dollars, if any, that any business entity in which such person had a substantial interest, had with the political subdivision, other than payment of any tax, fee or penalty due to the political subdivision or transactions involving payment for providing utility service to the political subdivision, and other than transfers for no consideration to the political subdivision.

3. The City Administrator as the chief administrative officer and the Director of Finance as the chief purchasing officer also shall disclose by May 1 for the previous calendar year the following information:

a. The name and address of each of the employers of such person from whom income of one thousand dollars or more was received during the year covered by the statement;

b. The name and address of each sole proprietorship that he owned; the name, address and the general nature of the business conducted of each general partnership and joint venture in which he was a partner or participant; the name and address of each partner or coparticipant for each partnership or joint venture unless such names and addresses are filed by the partnership or joint venture with the Secretary of State; the name, address and general nature of the business conducted of any closely held corporation or limited partnership in which the person owned ten percent or more of any class of the outstanding stock or limited partnership units; and the name of any publicly traded corporation or limited partnership that is listed on a regulated stock exchange or automated quotation system in which the person owned two percent or more of any class of outstanding stock, limited partnership units or other equity interests;

- c. The name and address of each corporation for which such person served in the capacity of a director, officer or receiver.
- D. Filing of Reports. The reports, in the attached format (Appendix L) shall be filed with the City Clerk and with the Secretary of State prior to January 1, 1993, and thereafter with the Ethics Commission. The reports shall be available for public inspection and copying during normal business hours.
- E. When Filed. The financial interest statements shall be filed at the following times, but no person is required to file more than one financial interest statement in any calendar year:
1. Each person appointed to office shall file the statement within thirty days of such appointment or employment;
 2. Every other person required to file a financial interest statement shall file the statement annually not later than May 1 and the statement shall cover the calendar year ending the immediately preceding December 31; provided that any member of the City Council may supplement the financial interest statement to report additional interests acquired after December 31 of the covered year until the date of filing of the financial interest statement.
- F. Filing of Ordinance. The City Clerk shall send a certified copy of the Ordinance and any amendment that is adopted prior to January 1, 1993, to the Secretary of State's office within ten days of its adoption. The City Clerk shall send a certified copy of any Ordinance adopted on or after January 1, 1993, regarding this topic to the Missouri Ethics Commission within ten days of its adoption.

CHAPTER IV PURCHASING PROCEDURES

The City Council has established policies regarding the method to be used in purchasing goods and services, depending upon the cost of the item to be purchased. Subdividing purchases to avoid these requirements is strictly prohibited.

Section 1. Purchases Under \$1,000.00

Department Heads or Executive Staff are authorized to purchase from vendors directly without a purchase order for any purchase in the amount of \$1,000.00 or less. The Department Heads or Executive Staff need not secure the approval of the Finance Director or the City Administrator in order to make purchases in this price range; however, an approved invoice must be accompanied by a purchase order.

It is the responsibility of each Department Head or Executive Staff member to ensure complete control over this method of purchasing. Department Heads or Executive Staff should identify those employees allowed to make purchases. Department Heads or Executive Staff are responsible for providing internal control procedures to ensure that all purchases are for legitimate public purposes, that monthly statements from vendors are reconciled, and all purchases are accounted for. Department Heads or Executive Staff may wish to consider an internal requisition system which would ensure that a numbered, controlled document is set aside for each purchase made, including small items purchased under open accounts. Any department routinely making purchases costing less than \$1,000.00 or purchases frequently under open accounts should establish such a system.

The requesting department is encouraged to competitively shop to ensure that vendors which the City deals with are maintaining competitive pricing and appropriate quality. The department may find it convenient to occasionally use the Telephone Quotation form (Appendix K), even though items required are below the amounts necessary to trigger this procurement process. These forms need not be submitted to the Finance Department with the purchase order when purchases are less than \$1,000.00.

Section 2. Purchases From \$1,000.00 to \$2,500.00

Purchase orders for goods or services having a value of \$1,000.00 to \$2,500.00 must be submitted by the Department Heads or Executive Staff for approval by the Finance Director prior to placing an order with a vendor. Before submitting a purchase order, Department Heads or Executive Staff must obtain three oral quotations for the goods or services required. The quotations may be obtained over the telephone utilizing the Telephone Quotation form. The purchase order awarding the purchase to the lowest responsible bidder should then be forwarded to the Finance Director who will check to ensure that the Telephone Quotation form (Appendix K) has been completed correctly, or that the quotes have been appropriately shown under the "Quotes" section of the purchase order form, and that funds are available in the appropriate account.

If Department Heads or Executive Staff are unable to secure three telephone quotations, a notation explaining that less than three qualified vendors were available should be made on the purchase order form under the "Quotes" section. When seeking three informal quotes, the practice of "auctioneering" should be avoided by refusing to disclose to a vendor the price quoted by competitors.

Section 3. Purchases From \$2,500.00 to \$5,000.00

Prior to processing a purchase order to secure goods or services costing over \$2,500.00, Department Heads or Executive Staff must obtain three written quotations. If Department Heads or Executive Staff are unable to secure three written quotations, a memorandum explaining why less than three qualified vendors were available should be attached to the purchase order and forwarded to the Finance Director's Office for approval or an explanation should be made under the "Quotes" section of the purchase order itself. All purchases in excess of \$2,500.00 require both the Finance Director's and City Administrator's approval.

All written quotations should be originals on the vendor's own quotation form or letterhead. Facsimile quotations from the vendor may be acceptable. These original written quotes should be attached to the purchase order.

Department Heads or Executive Staff are reminded that the use of written quotations requires appropriate planning to ensure that adequate lead time is available to satisfy the purchasing requirements. It is, of course, possible

to obtain written quotations in person and submit a purchase order in a single day.

Section 4. Purchases in Excess of \$5,000.00

Department Heads or Executive Staff anticipating the purchase of goods or services exceeding \$5,000.00 in value should prepare specifications based upon standards appropriate to meet the City's needs. Specifications should be forwarded to the Finance Director's Office for review, comment, and approval. The Finance Department will then prepare the necessary bid package, public notices, and advertisements to meet the City's purchasing policy, and will send invitations to bid to qualified vendors. Department Heads or Executive Staff should submit a list of such vendors along with the specifications. Department Heads or Executive Staff should also submit the Bid Specifications Submission form (Appendix B) and submit it to the Finance Director, along with the technical specifications. A bid packet containing an invitation to bid, specifications, and general bid documents (Appendix C) will be sent to these vendors, as well as those that respond to the legal notice.

Formal bids will be advertised for at least ten (10) business days prior to bid opening. After the bids are publicly opened at the time specified and the written bid tabulation of all bids prepared by the Finance Department, they will be turned over to the Department Heads or Executive Staff for review. The Department Heads or Executive Staff will meet with the Finance Director to review the bids. The Finance Director will prepare a memorandum to the City Administrator, which will include the Department Heads or Executive Staff and Finance Director's mutual recommendation for the bid award.

All purchases over \$5,000.00 must be awarded by the City Council at a public meeting. The award will normally be made to the low bidder meeting specifications. However, there may be instances when the low bid is not from a responsible bidder. When such a situation arises, it is incumbent upon the Finance Director to thoroughly document the reasons why the low bidder should be disqualified.

CHAPTER V
SPECIAL PROCUREMENT PROCEDURES

Occasionally, the City may need to purchase goods or services under circumstances which do not clearly fit the patterns of normal public procurement and for which normal competitive shopping procedures do not apply. The following guidelines are provided with regard to making such purchases.

Section 1. Exclusive Service

In the event that there is only one firm or company or individual capable of providing a particular service or commodity and said services or commodities cannot be secured from other persons or companies, then the competitive bidding procedures outlined in this manual may be waived. Whenever Department Heads or Executive Staff determine that goods or services must be purchased from a "sole source vendor," documentation must be provided by the Department Heads or Executive Staff to the Finance Director. The documentation should be attached to the purchase order. Exclusive service purchases for amounts exceeding \$5,000.00 must be pre-approved by the City Council.

Section 2. Cooperative Procurement Programs

Department Heads or Executive Staff are encouraged to use cooperative purchasing programs sponsored by the State of Missouri or other jurisdictions. Cooperative purchasing can prove advantageous to the City both by relieving Department Heads or Executive Staff of the paperwork necessary to document the purchase and by taking advantage of the large quantity purchases made by State Government. Purchases made through these programs have met the requirements of competitive shopping and require no further documentation. Department Heads or Executive Staff are encouraged to check with the State regarding cooperative procurement contracts in effect prior to making any large purchases.

Section 3. Professional Services

A. Generally. Normal competitive procedures cannot be utilized in securing professional services such as physicians, attorneys, engineers, certified public

accountants, planners, and other professional people who, in keeping with the standards of their discipline, will not enter into a competitive bidding process.

B. Request For Proposal. A Request for Proposal (RFP) can be prepared much the same way as specifications, including requirements and minimum standards for the services to be provided. RFPs should be submitted to the City Administrator for review and approval prior to distribution. When an RFP for professional services is approved, a limited number of qualified professionals known to the City will be invited to submit a proposal setting forth their interest, qualifications, and how they can meet the City's needs. In securing professional services, it is the primary goal of the City to obtain the services of a professional who has a proven record of providing, in a professional way, those services required. A contract will be negotiated with the professional deemed to best meet the City's needs.

C. Exceptions. The following shall be the policy and procedures for selecting architectural, engineering and land surveying services for the city.

1. Definitions.

(a) Firm. The term "firm" shall mean any individual, firm, partnership, corporation, association, or other legal entity permitted by law, to practice the profession of architecture, engineering, or land surveying or other professional services and provide said services.

(b) Architectural Services. The term "architectural services" shall mean those services within the scope of practice of architecture as defined by the laws of the State of Missouri, Section 327.091 RSMo., and to include landscape architects.

(c) Engineering Services. The term "engineering services" shall mean those services within the scope of practice of engineering as defined by the laws of the State of Missouri, Section 327.181 RSMo.

(d) Land Surveying Services. The term "land surveying services" shall mean those services as defined by the laws of the State of Missouri, Section 327.272 RSMo.

(e) Selection Committee. The term "Selection Committee" shall mean the City Administrator, Director of Public Works and Department Head of the using Department.

2. Roster of Consultants.

(a) The City Administrator or designated staff, will maintain a roster of qualified firms interested in performing professional services for the city. Names of firms will be placed on the roster upon their request, at the request of members of the Council, or when recommended by city departments.

(b) Each firm meeting the following minimum qualifications shall be deemed to be a qualified firm and meeting the qualifications of the city:

- i. Duly authorized to conduct business in the State of Missouri in their particular profession.
- ii. Professional registration by the State of Missouri.
- iii. At least one staff professional assigned to each project. Adequacy of personnel will be determined on a contract-by-contract basis against the city's estimate of manpower required to perform the work in the desired time frame.

(c) Resumes and data. Each person or firm listed on the roster shall be responsible for maintaining with the City Administrator or designated staff a current resume describing his, her or its qualifications and experience. Data which shall be included is as follows:

- i. Firm name, address, telephone numbers.
- ii. Year established and former firm names.
- iii. Types of services for which is qualified.
- iv. Names of principals of the firm and status in which they are registered.
- v. Names of key personnel with experience of each and length of time in the organization.
- vi. Number of staff available for assignment.

3. General Procedures and Responsibilities.

(a) Project initiation. When a Department of the City identifies a project for which architectural, engineering, or land surveying services will be necessary, the Department will draft a scope of services for the specific project. This scope of services will be submitted to the City

Administrator for authorization to initiate the project. The Department shall include in the scope of services the following:

- i. A description of the work required and its objectives.
- ii. The nature of specific tasks and services to be accomplished.
- iii. The type and amount of assistance to be given by the Department involved.
- iv. Required time frame.
- v. Financial conditions or limitations; grant program involved.

(b) Expressions of Interest. The using Department will contact those firms on the roster for an expression of interest in the specific project. The request should invite comments as to the special experience in the project being considered, describe previous experience with similar projects, and the availability of the firm to provide required service within any time limitations.

(c) Initial Screening and Requests for Proposals. The expressions of interest will then be presented to the Department requesting the services for initial screening. Factors to be determined in the initial screening will include:

- i. Specialized experience in the type of work required.
- ii. Record of the firm in accomplishing work on other projects in the required time.
- iii. Quality of work previously performed by the firm for the city.
- iv. Recent experience showing accuracy of cost estimates.
- v. Community relations including evidence of sensitivity to citizen concerns.
- vi. Geographic location of the principal officers of the firm.

After the screening, detailed proposals will be requested from at least three (3) firms. Selection will then be made according to subsection e., "Selection."

4. Detailed Proposals. Firms submitting detailed proposals will provide the following information:

- (a) Name of firm principal.
- (b) Name of project supervisor (licensed engineer, architect, or land surveyor).

- (c) Ability of firm to meet time schedules.
- (d) Description of how project will be conducted.
- (e) Cost of services.
- (f) For various levels of the disciplines offered, the position, hourly rate, salary cost multiplier, overhead and profit multiplier.
- (g) Outside consultants and associates usually retained.
- (h) List of completed projects on which the firm was principal engineer.
- (i) Current projects under way and estimated cost of each.
- (j) Data-gathering methods (if appropriate).
- (k) Evaluation techniques (if appropriate).

5. Selection.

(a) Three (3) written proposals should be secured when possible. Proposals may be solicited by mail or telephone. The Selection Committee will review the proposals, interview the prospective consultant, if desirable, and make a recommendation or selection in accordance with subsection 2., "Class of Service" below.

(b) Class of Service. Projects will be divided into two (2) classes as follows:

Class A. Services for projects where fees will exceed five thousand dollars (\$5,000.00). The Selection Committee's recommendation shall be presented to the City Council for approval or rejection. The Council has the right to approve or reject any and all proposals.

Class B. Services for projects which are provided for in the approved city budget and where fees will be less than five thousand dollars (\$5,000.00). The Selection Committee will have full authority to select the consultant.

6. Prohibition Against Contingent Fees.

(a) Each contract entered into by the City Council for professional services shall contain a prohibition against contingent fees as follows:

"The architect, engineer, or land surveyor (as applicable) warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the

architect, engineer, or land surveyor, to solicit or secure any fees, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this agreement."

(b) For the breach or violation of the foregoing provision, the City Council shall have the right to terminate the agreement without liability and at its discretion to deduct from the contract price, or otherwise recover the full amount of such fee, commission, percentage, gift, or consideration.

Section 4. Open Purchase Orders

Open purchase orders are for long-term contracts for goods or services awarded after receiving competitive bids. The purchase order remains open for a period of up to one year to purchase the goods or services specified on an "as needed" basis. Examples of open purchase orders include construction materials such as rock, concrete, and asphalt, trees and other landscaping materials, automotive supplies such as tires and batteries, hardware, and office supplies frequently or routinely utilized by the City and for which the initiation of competitive shopping each time for the goods or services required would become cumbersome and inefficient.

Section 5. Emergency Purchases

The bid procedures outlined in this manual may be waived under emergency conditions when a delay may threaten the basic mission of a line department. True emergency conditions are rare. Occasionally, equipment will require emergency repairs, or other circumstances will necessitate emergency purchasing which cannot await compliance with these regulations. Department Heads or Executive Staff faced with an emergency are to notify the Finance Director or City Administrator as quickly as possible. A full report in writing of the circumstances requiring an emergency purchase shall be filed by the Finance Director with the City Administrator, who shall pass this report on to the City Council, each time an emergency purchase is made.

Section 6. Petty Cash Accounts

Very often, there is a need for immediate availability of funds. Petty cash funds will be issued to the following departments in the amounts noted:

Finance Department	\$250.00
Police Department	\$250.00

Petty cash funds should be used to avoid the time and expense of issuing purchase orders for items totalling fifty dollars or less (\$50.00). Petty cash receipts (Appendix D) are to be completed by the person responsible for the fund in each department; these should include the amount, description of item, budget account number, and signatures of the persons receiving the funds, and the person issuing the funds. Each individual receipt must be summarized on the Petty Cash Reimbursement Request Form (Appendix E). A check will then be prepared, made payable to the individual responsible for the particular department's petty cash, and it will be that person's responsibility to cash the check and assure that the funds are placed into the departmental petty cash fund. The Finance Department will conduct unannounced audits of petty cash funds to assure that monies are being accounted for properly. The use of petty cash funds for personal use, even for very short periods of time, is contrary to City policy and grounds for termination.

Section 7. Purchase of Used Equipment

New equipment is to be preferred over used equipment. However, there are situations where the purchase of used equipment should be considered. These include:

- A. Where equipment will be used infrequently, for a limited time, for training or auxiliary operations.
- B. When quick delivery is essential.

The purchase of used equipment requires careful shopping and the requisitioning department should make every effort to secure a minimum warranty or guarantee that the equipment will perform as needed and that service or replacement parts are reasonably available.

Section 8. Subdividing Prohibited

No contractor purchase shall be subdivided to avoid the requirements of this section.

Section 9. Authority of City Council to Waive Procedural Requirements

The City Council in its sole and absolute discretion, may waive any and all aforementioned procedural requirements.

CHAPTER VI SPECIFICATIONS

Section 1. Formal Competitive Bidding

When goods or services are bought under the formal competitive bidding process, specifications must be prepared. Specifications, regardless of the type, should do four things:

- A. identify minimum requirements;
- B. allow for a competitive bid;
- C. be capable of objective review; and
- D. provide for an equitable award at the lowest possible cost.

Section 2. General Guidelines

- A. Keep specifications as simple as possible while maintaining the exactness required to keep bidders from utilizing a loophole to avoid providing the quality goods or services required or in another fashion to take advantage of their competitors.
- B. Whenever possible, identify the equipment or material required with some name brand or known standard specification already on the market. All specifications that utilize a name brand must include the term "or equivalent" to avoid being restrictive and eliminating fair competition from the bidding process.
- C. Specifications should promote competition. Specifications so drafted will normally allow several bidders to provide the City with alternatives and ensure that the City obtains the lowest possible price for the goods or services required.
- D. Flexibility in the specifications is desirable in instances where new technologies are being sought. Specifications should be specific enough to guarantee the quality required but sufficiently flexible to allow vendors to be creative in their proposals. If a proposal does not meet the City's needs, it can be rejected and the bid which closely

follows the specifications accepted. The procedures should be used sparingly and Department Heads or Executive Staff contemplating flexible specifications should contact the City Administrator to discuss the format and degree of flexibility anticipated prior to the completion of a final draft.

- E. Specifications should be reasonable in its tolerances. Unnecessary precision is expensive.
- F. Specifications should be written with clear, simple language, free of vague terms or those subject to variation in interpretation.

Section 3. Types of Specifications

There are several ways of structuring specifications to protect the integrity of the purchasing process and to ensure that the needs of the City are met. Different methods of structuring specifications include:

- A. Qualified Products or Acceptable Brands List. These lists are developed only where it is not possible to write specifications adequate to identify the quality and performance required of the goods or services to be purchased. Acceptable brands lists are also used when tests necessary to determine compliance with technical specifications are lengthy, costly or require complicated technical equipment.
- B. Specification by Brand or Trade Name. Brand or trade names should be used where brand name products have been found to be superior to others for the purpose intended, or when their composition is secret, unknown or patented. The use of brand names establishes a quality standard, but is not intended to limit or eliminate competition. Whenever this method of establishing specifications is used, the specifications should specifically provide for bidding of competitive or equal grades. It is incumbent on a vendor who bids on goods of supposed equal quality to those specified to document that the goods or services that he is bidding are, in fact, of equal quality.
- C. Specification by Blueprint or Dimension Sheet. Specifications of construction projects for everything from buildings and streets to custom built cabinets, furniture, machines, or other equipment should be written to reference the blueprints or dimension sheets prepared by the engineer or architect. Such specifications provide an appropriate

method of evaluating all bids, and later of verifying the quality of the construction work or the equipment or fixture delivered.

- D. Specifications by Chemical Analysis or Physical Properties. Specifications which include the chemical analysis or physical properties of the goods requested clearly place responsibility on the supplier to provide exactly those items requested. Again, care must be taken in preparing specifications utilizing this method to ensure that competition remains a part of the bidding process. If the specifications are drawn too narrowly and only one bidder is qualified to meet the technical specifications, the cost of obtaining these items may be higher than necessary due to the lack of competition.
- E. Specifications by Performance, Purpose, or Use. Specifications which include a set of performance criteria for the goods or services required will provide flexibility for vendors to design products or programs specifically aimed at meeting the purpose or performance standards the City has established. Generally, specifications which center on performance standards generate a great deal of competition since they allow vendors to exercise some creativity in the types of services or goods included in their bids. Department Heads or Executive Staff are cautioned to exercise care by including some specific technical specifications which will provide a floor or bottom line quality determination. The use of performance specifications without minimum standards could result in items being installed, paid for, and later determined not to meet City expectations. It can then be very difficult to go back to a vendor and argue that the item bid did not meet the performance criteria established. At that point, the determination of satisfactory performance can become extremely subjective with the vendor insisting that his item is acceptable even though actual experience indicates otherwise.
- F. Specification by Identification With Industry Standards. Specifications will often refer to industry-wide standards or to standards set by other public jurisdictions. Some examples of these would be Lumber Grading, standards set by the asphalt or concrete industries or by referencing standard specifications of the Missouri Department of Transportation or other State or Federal Agencies.
- G. Specifications By Samples. Whenever appropriate, a sample is always a good way to make your requirements perfectly clear. A good

example would be printing bids for which artwork or an existing form would be attached. Whenever samples are utilized, Department Heads or Executive Staff should provide an adequate supply so that originals can be sent with all bid invitations and some maintained in the file for vendors who request bidding documents.

CHAPTER VII PURCHASE ORDER

The City's purchase order form (Appendix F) must be completed and signed by the Department Heads or Executive Staff under the procedures established in this manual. In order to ensure expeditious processing of purchase orders, it is important that all forms are completed accurately by the requisitioning department.

A purchase order is a contract between the City and a vendor. The contract is not binding until it is accepted by the vendor. The issuance of purchase orders by unauthorized individuals will not be recognized by the City and payment of these obligations will not be approved. Unauthorized purchases are classified as personal expenses of the person making the purchase.

After the four-part, regular purchase order is filled out, and the applicable bids attached (if necessary), the purchase order shall be forwarded to the Finance Director for approval. The purchase order will be forwarded by the Finance Department to the City Administrator, if necessary, for approval. The purchase order is not valid until it is signed by all appropriate individuals. Therefore, the vendor copy should not be mailed until validation is completed.

The color coding of the purchase order helps organize the purchasing process. The four parts of a purchase order should be routed as follows:

- | | | |
|----|---------------|--|
| a. | White Copy - | To be sent to the vendor after validation |
| b. | Green Copy - | To be retained by the Finance Department for payment |
| c. | Pink Copy - | To be retained by the Finance Department for permanent records |
| d. | Yellow Copy - | To be retained by the issuing department |

Changes to purchase orders and contracts must be approved by the Finance Director. The Finance Department will execute all modifications to purchase orders and contracts upon request by the Department Heads or Executive Staff and approval by the Finance Director. This will include changes in quantity, alteration of specifications on the purchase order, correction of errors in price, and changes in delivery time or place.

Purchase orders are classified as either "original" or "confirming," based on whether or not the vendor has previously been notified of the City's intent to purchase goods or services from him. Confirming purchase orders are used to prevent double purchasing of the same item. The use of confirming purchase orders should be avoided.

CHAPTER VIII
TRAVEL REGULATIONS AND REIMBURSEMENTS

Section 1. General Regulations

The City's goals are to allow travel arrangements that conserve public funds, provide equitable treatment of all personnel, and allow travel in a manner that is dignified, and reflects credit on the City of Chesterfield. These regulations are applicable for all travel expenses incurred on behalf of the City by employees. Where these regulations do not adequately cover a travel situation, the City Administrator may authorize exceptions.

All travel and training outside the local area must be approved by the Finance Director and the City Administrator through the submission of a Request to Travel Form (Appendix G). A copy of the approved Request to Travel form shall be routed by the Finance Department to the Personnel Department for conference recordkeeping purposes.

Decisions as to which trips will be authorized are generally made through the annual budget process. In general, no more than one national and two state conferences outside the St. Louis area will be authorized for any Department Head or Executive Staff member in any fiscal year. Attendance at other meetings outside the metropolitan area may be authorized when the Department Heads or Executive Staff is an active participant in the national and/or state organization. The City Administrator must approve all out-of-state travel requests in advance. Attendance at various local professional and technical conferences and meetings will be authorized as funds and time permit. Good judgment and a proper regard for economy are expected in incurring travel expense on behalf of the city.

There is no objection to a spouse and/or other family members travelling on an official trip, but no expenses attributable to them will be reimbursed by the City.

Section 2. Travel Advance

No travel advances will be authorized, unless a specific exception is granted by the City Administrator.

Section 3. Travel Expense Report

Within five (5) days after returning from a trip, a Travel Expense Report (Appendix H) must be forwarded to the Finance Department. Required receipts should be attached to the travel expense report.

Section 4. Use of Commercial Carrier

Commercial carrier fares will be limited to "coach" or "economy" fares when such services are available. Travel to and from stations and airports may be by bus, limousine, taxi, or private vehicle (for which mileage will be paid), whichever is least costly. If available, airport limousines should always be selected over taxis. When possible, travel arrangement should be made through the City's travel agency, and billed directly to the City. Receipts for transportation costs are required.

Section 5. Use of Private Vehicles

Private vehicles may be used for travel on City business when authorized by the City Administrator. Reimbursement will be limited to the lower of:

- A. Twenty-two cents (\$.22) per mile plus tolls, parking, and garage charges, or
- B. The cost of air travel as provided above.

When two or more people travel in the same private vehicle, reimbursement will be paid to the owner of the vehicle. Mileage reimbursement will be based on the actual number of miles driven while travelling on City business.

Section 6. Travel Time

When necessary, one day prior and one day following a meeting or conference shall be allowed for travel to and from an approved meeting or conference.

Scheduled returns shall be made on the day the conference or meeting ends unless it ends late in the evening. In that event, the following day may be allowed for travel.

Employees should not drive to meetings and conferences when travel time in route to the destination requires more than one day. In such instances, no

reimbursement will be made for any lodging, meals, or other expenses incurred in route, unless prior approval is received from the City Administrator.

When an employee chooses to extend travel time to and from an approved site, any excess time shall be considered vacation and charged accordingly, unless prior approval is received from the City Administrator.

Section 7. Vehicle Rental

There may be an occasion when rental of a vehicle may be required (i.e., great distance between hotel and conference sites). Prior authorization must be given by the City Administrator. The actual cost will be reimbursed and receipts will be required.

Section 8. Lodging

Hotel or motel reservations are expected to be made well in advance to ensure that lodging is secured at moderate rates. Receipts for lodging are required. Reimbursement of lodging will be limited to the minimum number of nights required to conduct City business. If a conference, for example, opens on Sunday evening and closes Thursday noon, reimbursement for Sunday through Wednesday night would be allowed. If an employee or City official chooses to arrive earlier or stay later, the additional lodging and other expenses related to this decision are personal expenses and will not be reimbursed. There may be instances in which significant savings in travel expenses may be achieved by taking advantage of discount fare requiring an additional night's stay. Prior authorization by the City Administrator will be required to utilize this arrangement.

Reimbursable lodging expenses shall be exclusive of any additional expenses for spouses or others.

No lodging expense will be reimbursed for meetings or conferences held in the St. Louis area unless prior approval is obtained from the City Administrator.

Section 9. Meals

For meetings and conferences held outside the metropolitan area or at such a distance that overnight lodging is required and approved by the City

Administrator, employees and City officials will be reimbursed for meals. Reimbursement shall be made for the employee's expenses up to \$35.00 per day for unreceipted meal expenses and all true and reasonable costs in excess, if properly receipted, for the City Administrator, Department Heads, and Executive Staff, and up to \$35.00 per day maximum and only when properly receipted for all other employees. The City Administrator may approve unreceipted expense upon receipt of acceptable written documentation that the expenditure was incurred and that a receipt could not be obtained or was subsequently misplaced.

Section 10. Miscellaneous Expenses

Parking expenses may be reimbursed when reasonably necessary and when required as a part of the travel process.

Tips may be reimbursed not to exceed 15% of the amount reimbursable by the city.

Taxi cabs may be reimbursed when necessary and justified as the only reasonable means of transportation.

Personal telephone calls may be reimbursed, while on out-of-town travel, up to \$10.00 per day.

Actual expenses for the cost of gasoline may be reimbursed if properly receipted if an employee uses a city-owned vehicle for travel.

Professional luncheon meetings will be reimbursed at actual cost if one price is charged all participants.

Expenses not ordinarily allowed under the provisions of these regulations may be authorized by the City Administrator when justification exists.

Section 11. Registration Fees

Registration and tuition fees for pre-approved professional and technical meetings and conferences will be reimbursed if not prepaid by the City. Receipts will be required.

Section 12. Non-Reimbursable Expenses

Employees will not be reimbursed for expenses incurred for alcoholic beverages, non-conference-related entertainment costs, recreational activities or in-room movies.

CHAPTER IX
DELIVERY AND PERFORMANCE

Section 1. Delivery and Performance In General

A contract or purchase order that is complete in all respects and that is accepted by the parties concerned still must produce the intended results or objectives before it can be considered a successful or completed purchase. The terms and conditions must clearly define the delivery and performance requirements of the services, supplies or equipment.

The importance of the delivery schedule should be emphasized to the vendor. Delivery requirements must be clearly written and fully understood by all contract participants. If several items are required by a contract, there may be a different delivery schedule for each item. The delivery schedule will normally be shown in calendar days from a specific date or transaction, such as receipt of order by the vendor. It is also important that you clearly show the place for delivery and the receiving time schedule at the delivery points. If there are liquidated damages for nondelivery or late delivery, call these terms to the attention of the vendor and stress their importance. All parties should know where the material will be accepted, e.g., f.o.b. origin or destination. In determining delivery locations, you should analyze each specific location in respect to product, cost, timeliness, and other relative factors.

Section 2. Follow-up and Expediting

Follow-up normally applies to the monitoring of the delivery schedules to assure compliance. Expediting, in the purest sense, involves an attempt to improve or to reduce the contractually stipulated delivery time for various reasons, and the vendor is not legally obligated to comply.

The primary objectives of the follow-up function are:

- A. To assure full compliance by the vendor;
- B. To develop documentation for future evaluation of the vendor's performance.

The early detection of possible delivery delays will provide the City with a greater opportunity for resolving the problem and for developing satisfactory alternatives.

The initial follow-up action would be to reaffirm the delivery schedule and to establish proper liaison with the seller's representative.

If delivery problems do develop, there are certain techniques that may be used to help solve them:

- A. Contact the salesman for assistance.
- B. Initiate collect phone calls. Telegrams or letters may also be used.
- C. Visit the vendor's plant. This might help solve the problem and will assist in verifying any reasons for the delay.
- D. Cancel the contract for nonperformance.

Section 3. Delinquent Deliveries

When follow-up efforts have failed, and the deliveries have become delinquent, one of two actions must be taken:

- A. Authorize additional time for delivery; or
- B. Cancel and order from other sources.

In making the decision as to which of these actions should be taken, several factors must be considered:

- A. Needs and requirements of the City;
- B. Agreements with the vendor;
- C. Availability of the items from other sources; and
- D. The time it would take for delivery if reordered from another source.

In all cases, the reasons for delinquent deliveries should be documented. This information may be needed in evaluating future bids submitted by that particular vendor.

Section 4. Partial Deliveries

Some purchase orders may list several items. In this event, it may be possible for the vendor to complete timely delivery on some of the items, which would be referred to as "partial deliveries" on the complete bid. If these items can be used separately, partial payments can and should be authorized. However, if the separate items are part of a system, then partial deliveries would be of little value to the City. In this case, partial payments should not be authorized.

Section 5. Substitution

To meet the contractual delivery schedule, it may be appropriate in some situations to consider substitute items. The specifications should cover this eventuality and would govern the legality of the transaction. However, substitutions may be necessary, regardless of the specifications, if it is absolutely necessary for the City to have the material by a specified date. Other reasons for substitution may be design changes, raw material shortages, and health and safety priorities.

Whenever substitutions are necessary, due to shortcomings of the vendor, it is the responsibility of the purchaser to seek and obtain an adjustment for lower prices on the substituted items. This action will serve to meet the legal requirements of the contract and to discourage future substitutions by the same vendor. In addition, this action will serve notice on the other bidders that no favoritism was shown and that compliance with specifications is expected from all vendors.

Section 6. Nonperformance

Should the vendor fail to meet any requirement of the specifications, the vendor can be cited for nonperformance. The seriousness of nonperformance must be evaluated based on the circumstances surrounding each violation. However, there should always be some recourse to the City when a vendor fails to perform in accordance with the terms and conditions.

These recourses include:

- A. The City may exercise its rights under a liquidated damages clause or under the terms of a performance bond.
- B. The City may obtain the needed items from another source and charge the delinquent vendor the excess difference in cost. However, obtaining the delinquent items from another source is not always an acceptable solution, since additional delivery time may be required. A revised delivery schedule with the vendor may be the best remedy.
- C. The City may terminate the contract for default if it is in the best interest of the City and provided that the items can be obtained under more favorable conditions from other sources.

CHAPTER X INSPECTION AND TESTING

Section 1. Inspection and Testing In General

Human lives, as well as the success of expensive projects, may depend on how well the purchased items meet the design and performance specifications included in the bid package.

Goods and services must under normal circumstances be checked at the time of receipt to detect any damage or defects. The inspection also includes assuring that the material is in compliance with the specifications.

A variety of tests may be conducted as a necessity for determining if the merchandise meets specifications. Certain forms of inspection and testing will only be conducted on a percentage of the items, as the procedure followed may make the items unusable. Inspecting/testing every item received is neither economical nor practical.

Inspection and testing may be performed at origin or destination. These tests are classified as sampling, chemical/lab, functional, and endurance tests. In some cases, a certification of compliance will be accepted.

All requirements for inspection and testing must be clearly stated in the specifications.

Both inspection and testing are costly, but the benefits far outweigh the expense when defects can be detected before they cause loss of life, injuring, or equipment failures.

Inspection, testing, and acceptance are conclusive, except for latent defects or fraud.

Section 2. Reports, Rejection, and Return Authorization

Whenever an inspection is performed, all reports to properly support claims or actions must be thoroughly documented. Sufficient time should be scheduled to allow for an inspection immediately upon arrival of the goods, taking into consideration required tests are necessary.

Goods should be inspected for damage, quantity, quality, price, and for all other requirements listed in the specifications. A copy of the inspection report will normally be used to substantiate payment for the goods and verification of receipt.

In the event of rejection, for whatever purpose, certain steps must be taken to inform and to protect the rights of the vendor, as well as of the City. Reasons for rejection must be listed and these reasons should reflect specific requirements of the contract.

Section 3. Damage During Shipment

One of the major reasons for inspection at the time of receipt is to detect any visible damage. It is important that all damage be completely described on the receiving report. Any evidence of concealed damage should also be noted at this time. This notation is necessary to support the filing of damage claims against the carrier. The carrier should be notified immediately, and a joint inspection should be scheduled with the carrier's representative.

When it is apparent that the extent of the damage causes the goods to be worthless, they should not be accepted. If the shipment is "f.o.b. destination," the vendor is responsible for assisting with the settlement of the claim and for full replacement of the damaged items. Payment will be withheld until the claims are settled.

Section 4. Latent Defects

Latent defects may be the result of damages in transit or of failure of the manufacturer to conform to specifications. Consequently, it is sometimes very difficult to fix responsibility for the defective material. If the carrier is suspected to be the one at fault, then the carrier's representative should be invited to come in for a joint inspection. Subsequently, a claim describing the situation should be filed with the respective carrier.

A similar procedure should be followed if the vendor/manufacturer is suspected to be at fault. The importance of "f.o.b. destination" shipments should be reiterated at this point, as the vendors are responsible for rectifying the situation or for correcting the defect on such shipments. If specific liability for the defect cannot be determined between the carrier, the vendor, or the manufacturer, the City may have to file a claim against all parties, seeking their cooperation in resolving the situation.

CHAPTER XI
DISPOSAL OF SURPLUS GOODS

Goods become obsolete or they wear out. Occasionally, it turns out they are over-stocked. Changing technology, accumulation of "waste," and fulfillment of the "useful" life of goods make the activity of handling surplus inevitable.

The City is interested in full realization of the value of goods it purchases.

The City policy is aimed at making sure all surplus is disposed of to the economic advantage of the City.

All departments shall submit to the City Administrator, at such time and in such form as the City Administrator shall prescribe, reports showing stocks of supplies which are no longer used or which have become obsolete, worn out, or scrapped. The City Administrator is authorized to transfer the surplus stock to other departments.

The City Administrator is authorized to sell all supplies having an estimated value of less than \$2,500.00 which have become unsuitable for public use, or to exchange the same for, or trade in the same, on new supplies. Sales shall be made to the highest possible bidder.

Competitive bidding on surplus, obsolete, or unusable goods is required. This may be achieved through sealed bids, auction, or open market sales. Bidders shall be required to submit a 10% cash bond or a minimum of \$100, whichever is greater, in the form of a cashier's check or money order payable to the City of Chesterfield in order for their bid to be considered. The disposal of all goods in excess of \$2,500.00 requires the approval of the City Council.