

RESOLUTION NO. 2018-006

**RESOLUTION OF THE VILLAGE OF MONTGOMERY, ILLINOIS
ADOPTING A PURCHASING POLICY**

WHEREAS, the Village of Montgomery (“Village”) and its Village Board recognize the importance of sound financial planning and clear policies and guidelines for financial management; and

WHEREAS, sound accounting practices and policies are necessary for ensuring the integrity of financial records and Village funds; and

WHEREAS, the Village will regularly review existing policies and establish additional policies to promote fiscal responsibility and the efficient transaction of Village business; and

WHEREAS, the Village is an Illinois municipal corporation and a non-home rule unit of government under the Illinois Constitution, Article VII, Section 7, and accordingly, is a public body subject to these provisions; and

WHEREAS, the authority to purchase all supplies, materials, parts, equipment and contractual or professional services required for Village operations is provided for in Chapter 2, Article I, Section 2-2.22 of the Village of Montgomery Municipal Code; and

WHEREAS, the Village is required to process payments in an accurate and timely manner in accordance with the Local Government Prompt Payment Act (50 ILCS 505); and

WHEREAS, the Purchasing Policy and procedures will allow the Village to obtain required goods and services efficiently and economically; and

WHEREAS, the Village Board finds it in the best interest of the citizens to establish policies to ensure the financial stability of the Village.

NOW, THEREFORE, BE IT RESOLVED by the Village President and the Board of Trustees of the Village of Montgomery, Kane and Kendall Counties, Illinois, as follows:

Section One: Incorporation of Preambles

The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section Two:

The Purchasing Policy attached as Exhibit A to this resolution, incorporated herein by reference, is hereby adopted.

Section Three: General Provisions

REPEALER: All ordinances, resolutions, policies, or portions thereof in conflict with this resolution are hereby repealed.

SEVERABILITY: Should any provision of this Resolution be declared invalid by a court of competent jurisdiction; the remaining provisions will remain in full force and effect the same as if the invalid provision had not been a part of this Resolution.

EFFECTIVE DATE: This Resolution shall be in full force and effect from and after its approval, passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED by the President and Board of Trustees of the Village of Montgomery, Kane and Kendall Counties, Illinois, this 12th day of March, 2018.

M.B.

Matthew Brolley
President of the Board of Trustees of the Village of Montgomery

ATTEST:

Penny Fitzpatrick

Penny Fitzpatrick
Clerk of the Village of Montgomery



	Aye	Nay	Absent	Abstain
Trustee Stan Bond	✓	—	—	—
Trustee Peter Heinz	—	—	✓	—
Trustee Steve Jungermann	✓	—	—	—
Trustee Dennis Lee	✓	—	—	—
Trustee Douglas Marecek	✓	—	—	—
Trustee Theresa Sperling	✓	—	—	—

Village of Montgomery Purchasing Policy

I. Purpose

The purpose of this policy is to provide the Village of Montgomery staff with guidelines and directions for the procurement of goods and services. When used with good judgment and common sense, the policy and procedures conveyed within will allow the Village to obtain required goods and services efficiently and economically.

This policy may be modified from time to time to conform with changes in legislation, technology, and actual practice. Although it may not cover every instance related to purchasing practices, it does provide general guidelines for purchasing activities. Employees who need help dealing with specific situations should contact the Director of Finance for assistance. The Village Administrator, or his/her designee, shall be the final authority regarding enforcement of any provisions of this policy. Failure to follow the procedures outlined in this policy may lead to disciplinary action, up to, and including termination.

II. Objectives

The purchasing standards set forth herein are designed to:

- A. Attain maximum economy in municipal operations;
- B. Provide equal opportunity for qualified vendors to serve Village needs;
- C. Exercise fiscal control over purchasing;
- D. Obtain supplies, equipment and services for the Village at the quality necessary at the lowest possible cost; and
- E. Deliver timely and convenient service to residents through the efficient procurement of goods and services.

III. Standards of care

Village employees are expected to conduct daily business with integrity and honesty. It shall be the responsibility of the Village Administrator to determine if there has been an ethics violation in conjunction with this section, if any disciplinary action is required in accordance with the Village's employee manual, and the applicability of this section to related questions that may arise from time to time.

A. Code of ethics

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

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III. Standards of care (Continued)

A. Code of ethics (Continued)

1. Ensure public money is spent efficiently and effectively and in accordance with statutes, regulations, and Village policies;
2. Always maintain confidentiality;
3. Not accept gifts or favors from current or potential vendors which might compromise their integrity;
4. Provide generic descriptions when compiling specifications wherever possible;
5. Never allow identical goods or services to be split to circumvent established policy;
6. Purchase without favor or prejudice;
7. Ensure current and potential vendors are provided with adequate and identical information upon which to base their offer or quotation and any subsequent information is made available to all vendors;
8. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received; and
9. Offer a prompt and courteous response to all inquiries from current or potential vendors.

B. Conflict of interest

An employee shall notify their Department Head of the following potential conflicts of interest with a current or potential vendor regardless of whether they are directly or indirectly involved with the purchasing process. Department Heads will be responsible for notifying the Village Administrator of the following:

1. Employee is simultaneously employed by a bidder, contractor, or vendor involved in a procurement transaction;
2. Employee, employee's partner, or member of the employee's immediate family is a director, officer, or partner with a bidder, contractor, or vendor;
3. Employee, employee's partner, or member of the employee's immediate family is employed in a capacity involving personal and substantial participation in the procurement transaction;
4. Employee, employee's partner, or member of the employee's immediate family has a financial interest in the procurement transaction; or
5. Employee, employee's partner, or member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, contractor, or vendor.

For the purposes of this section, immediate family shall be defined as spouse, children, parents, brothers, sisters, or any other person living in the same household as the employee.

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III. Standards of care (Continued)

C. Gift ban

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

No employee shall permit any influence by vendors, which could conflict with the best interest of the Village, or prejudice the Village's reputation. Expenditures of Village funds to vendors shall not by intention personally benefit any person employed with the Village. Employees are bound by the State Officials and Employees Ethics Act (5 ILCS 430/10) and gift ban section of the Village Code (Chapter 2, Sections 188 through 189). To the extent there is no violation of this code employees shall strive to follow the following guidelines:

1. Gifts or gratuities shall not be accepted where their value suggests more than merely a social gesture;
2. Promotional or advertising items of nominal value including, but not limited to, key chains, pens, coffee mugs, and calendars are acceptable;
3. Association with current or potential vendors at business meals or business organization meetings is occasionally necessary and is neither questionable nor unethical provided the employee keeps free of obligation;
4. Gifts that can be shared, such as food, are acceptable and shall be shared amongst co-workers;
5. Cash, gift cards or gift certificates/vouchers are not acceptable. Should an employee receive cash, gift cards or gift certificates/vouchers from a current or potential vendor, the employee shall return the gift politely citing the Village's gift acceptance policy.
6. Personal loans of money or equipment are not to be accepted from a vendor or an individual representing a vendor conducting or seeking business with the Village; and
7. Corporate discounts granted to Village employees are acceptable only if they are offered to all Village employees and other clients of the vendor.

IV. General purchasing responsibility

- A. The Village Board adopts the annual budget before the beginning of the fiscal year to which it applies.
- B. Purchases of goods and services for budgeted items may proceed, provided expenditures do not exceed the amount available in the budget. Exceptions to this general rule occur when pricing requires Village Board action. In some cases, the procurement of goods or services may be initiated prior to approval of the annual budget for which the goods or services are being procured.

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IV. General purchasing responsibility (Continued)

- C. The person signing and approving an invoice for payment is verifying proper receipt of goods and services has occurred. Approved invoices will be forwarded by departments to the Finance Department.
- D. Certain recurring invoices (e.g., contract amounts, utilities) will be approved by the Director of Finance.
- E. All properly approved invoices are then compiled by the Finance Department on a bill list and included in the agenda packet for Village Board approval.
- F. Checks are processed after approval by the Village Board.

V. Pricing requirements

The authority to purchase all supplies, materials, parts, equipment and contractual or professional services required for Village operations is provided for in Chapter 2, Article I, Section 2-2.22 of the Village Municipal Code. The Village currently maintains a decentralized system of purchasing. Therefore, Department Heads are responsible for initiating and approving purchases within their budgets. This includes monitoring that there are funds available in the operating department's cost center before making the purchase. The Director of Finance directs staff to maintain an adequate electronic and/or paper trail to ensure accountability and directs the accounts payable staff to process payments in an accurate and timely manner in accordance with the Local Government Prompt Payment Act (50 ILCS 505).

A. Purchases less than \$5,000

Purchases less than \$5,000 shall be authorized by the Department Head, who may delegate this authority to subordinates at their discretion. It is ultimately the responsibility of the Department Head to ensure budgeted funds are available and competitive pricing is obtained prior to purchase.

Day-to-day purchasing may be done without prior approval; the responsibility still exists for making the most economical purchases. Periodic price comparisons may be made from time to time to ensure that the price being paid is the best price available and that the quality is the best that is required.

B. Purchases of \$5,000 or more, but less than \$10,000

Purchases of \$5,000 or more, but less than \$10,000 shall be authorized by the Department Head with at least two (2) verbal quotes from vendors. If two (2) or more quotes cannot be obtained, Department Heads shall document the attempts made to receive quotes for those goods or services. The quotes and/or other documentation shall be attached to the check request.

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V. Pricing requirements (Continued)

C. Purchases in excess of \$10,000, but less than \$20,000

Purchases in this category shall be authorized by the Village Administrator with at least three (3) written quotes. If three (3) or more quotes cannot be obtained, Department Heads shall document the attempts made to receive quotes for those goods or services. The quotes and/or other documentation shall be attached to the check request. The requesting department shall secure the quotes themselves and the Department Head will present a recommendation to the Village Administrator. Please note the splitting of a purchase into two or more purchases to avoid this requirement is not allowed.

If a Department Head feels that a purchase under this category should be made from one specific vendor rather than through written quotes, a recommendation should be submitted to the Village Administrator stating the reasons for limiting the purchase to a certain vendor. The Village Administrator will have discretion to determine if one specific vendor should be used in these cases.

D. Purchases in excess of \$20,000 and formal bidding

Purchases in this category must be approved by the Village Board and normally require at least three (3) written quotes. In addition, public works contracts or public improvements over \$25,000 are subject to formal bidding procedures as required by statute (65 ILCS 5/8-9) and authorized in the Village Code.

VI. Bidding

A. Formal bidding procedures

As stated in Section V. D. of this Policy, public works contracts or public improvements over \$25,000 are subject to formal bidding. The bidding procedures to be followed are:

1. Invitation for bids: An invitation for bids shall be issued and shall include a purchase description, and all necessary contractual terms, specifications, and conditions applicable to the purchase.
2. Bids for installation of equipment: For all bids for the installation of products and equipment, consideration shall be given to requesting bids for the product or equipment separate from bids for the labor involved in installing the equipment to reduce the overall costs.
3. Review by Village Attorney: When practicable, all invitations for bids shall be reviewed and approved by the Village Attorney prior to being issued.

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VI. Bidding (Continued)

A. Formal bidding procedures (Continued)

4. Public Notice: Adequate public notice of the invitation for bids shall be given at a reasonable time prior to the date set for the opening of bids. It is the policy of the Village to seek as broad an advertisement for bids as is practical under the circumstances. As a minimum, advertisement for bids shall be as follows:
 - a. Notice inviting bids shall be published in a newspaper of general circulation in the village and at least ten (10) days from the published notification date and IDOT bulletin (if applicable), as well as posted on the Village's website.
 - b. The newspaper notice required herein shall include at least a general description of the work to be performed or the articles to be purchased, shall state where bid proposals forms and detailed specifications may be secured, and shall state the time and place for opening bids.
 - c. Bids and proposals shall be solicited from all responsible prospective suppliers, to the extent possible, by sending them a copy of the notice to acquaint them with the proposed purchase or sale. The suppliers may have requested to be notified of purchases of the type being proposed or may already be known by the village to provide supplies or do work of the type being sought,
 - d. Bid announcements shall be advertised on the Village website.
 - e. Requirement for bid security: Bid security will be required for all competitive sealed bidding for construction contracts. Bid security shall be a bond provided by a surety company authorized to do business in the State of Illinois, or a certified check, bank draft, cashiers' check, or other form satisfactory to the Village.
 - f. Amount of bid security: Bid security amount is to be determined by the requisitioning department and shall be in an amount no less than 5% of the bid and no more than 10% of the bid.
5. Bid opening: Bids shall be opened publicly by the respective Department Head or his/her designee and in the presence of one or more witnesses at the time and place designated in the invitation for bids. The amount of each bid, together with the name of each bidder, shall be recorded, and the record of each bid shall be open to public inspection.
6. Bid evaluation and acceptance: Bids shall be unconditionally accepted without alteration or correction, except as addressed in this policy statement. Bids shall be evaluated based on the requirements described in the invitation for bids, which may include criteria to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for the intended purpose. The invitation for bids shall set forth the evaluation criteria to be used. No criteria may be used in bid evaluation that is not set out in the invitation for bids. At no time should any information be made available to any prospective bidder which is not available to all prospective bidders.

**Village of Montgomery
Purchasing Policy**

VI. Bidding (Continued)

A. Formal bidding procedures (Continued)

7. Correction or withdrawal of bids: After a bid opening, no changes in bid prices or other provisions of bids prejudicial to the interest of the Village or fair competition shall be permitted. Decisions to permit correction or withdrawal of bids, or to cancel awards or contracts based on bid mistakes prior to approval by the Village Board should be based upon the following criteria:
 - a. A bidder will not be permitted to correct a bid mistake after bid opening that would cause the bidder to have the low bid, unless the mistake is clearly evident from examining the bid document, and is supported by proof that has evidentiary value (i.e. extension of unit prices or errors in addition).
 - b. A low bidder will not be permitted to correct a bid for errors in judgment.
 - c. In lieu of bid correction, the Village may permit a low bidder alleging a material mistake of fact to withdraw its bid when there is reasonable proof that a mistake was made and the intended bid cannot be ascertained with reasonable certainty.
 - d. After bid opening, an otherwise low bidder will not be permitted to delete exceptions to the bid conditions which affect price or substantive obligations.
8. Award: Contracts shall be awarded to the lowest responsible bidder. The lowest responsible bidder is that bidder with the lowest bid price that most closely meets specifications that is in the best interests of the Village to accept and any other criteria that may be set forth within the bid documents. The Village Board retains sole authority to determine that the bid meets specifications, but staff shall make a recommendation based on, but not necessarily limited to, the following considerations:
 - a. The ability, capacity and skill of the bidder to perform the contract or provide the service required;
 - b. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
 - c. The character, integrity, reputation, judgment, experience and efficiency of the bidder;
 - d. The quality of performance of previous contracts or services;
 - e. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
 - f. The sufficiency of the financial resources and the ability of the bidder to perform the contract or provide the service;
 - g. The quality, availability and adaptability of the supplies or contractual services to the intended use;
 - h. The ability of the bidder to provide future maintenance and service for the use of the contract; and
 - i. The number and scope of conditions attached to the bid, if any.
9. After approval by the Village Board, the award shall be processed with reasonable promptness by written notice to the successful bidder.

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VI. Bidding (Continued)

B. Prevailing wage laws

All public works construction on behalf of the Village shall be in accordance with Chapter 2, Article VIII of the Village Code and Illinois Prevailing Wage Act (820 ILCS 130/1 et seq.). While the Village is to provide notice, it is the responsibility of each contractor conducting work covered by the Prevailing Wage Act to pay employees accordingly and to maintain proper records to ensure and confirm compliance with the Act.

When a contract or work is subject to the Prevailing Wage Act, the Village will provide notice to the contractor (or general contractor only, if subcontractors are to be used) that the contract or work shall be subject to the Prevailing Wage Act. Notice shall be one of the following:

1. For contracts that are bid, the project specification and the contract shall include a stipulation that not less than the prevailing rate shall be paid to all employees performing work under the contract.
2. For non-bid Prevailing Wage contracts, the Village shall provide written notice to the contractor prior to finalizing contract terms.

Pay requests for contracts that are subject to the Prevailing Wage Act shall include certified payrolls. Certified payrolls should be retained by the operating department. By submitting a pay request to the Finance Department for a Prevailing Wage Act project or contract, the operating department is confirming notice has been given to the contractor and that the certified payrolls have been provided.

C. Contract change orders

The Village must comply with Public Works Contract Change Order Act (50 ILCS 525) which states that any change order to a contract which results in an increase of 50% or more of the original contract price or any increase in the price of a subcontract under the contract that is 50% or more of the original subcontract price must be rebid in the same manner as the original bid. This policy is consistent with this statute.

1. Change orders for less than \$20,000. All change orders increasing or reducing the original contract price by less than \$20,000 must be approved by the Village Administrator, regardless of the percentage change. The Village Administrator may, at his discretion, require change orders less than \$20,000 to be approved by the Village Board.
2. Change orders for \$20,000 or more. All change orders increasing or reducing an original contract for \$20,000 or more require approval of the Village Board, regardless of the percentage change.

**Village of Montgomery
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VI. Bidding (Continued)

C. Contract change orders (Continued)

3. Other change orders. The Village Administrator may execute change orders to extend the length of a construction contract by up to 30 days or other terms and conditions of a contract deemed necessary or in the best interests of the Village. Requests to extend the length of a contract by more than 30 days must be approved by the Village Board.
4. In special situations where it is impractical to delay a project, a change order requiring Village Board approval may be authorized by the Village Administrator prior to being placed on the Village Board agenda. However, the department requesting such authorization shall place the change order on the Village Board agenda for approval at the next regular or special meeting.

D. Waiver of competitive bids

A requesting department may recommend that formal bid procedures be waived by the Village Board with the advice and consent of the Village Administrator, in which case formal bidding must be waived by a two-thirds vote of all Trustees then holding office. Requests for bid waivers shall be made only when goods sought are proprietary, when the services require a high degree of creative input, judgment, design or discretion from the person providing the services, where standardization is necessary or desirable, emergencies as described in this policy, or if determined to be in the best interests of the Village.

E. Aggregate purchases

The Village Administrator may approve multiple purchases of, or individual contracts for, specific types of supplies, materials, and services which, in the aggregate exceed \$20,000 annually but are less individually, may not be subject to the Village's formal bid requirements or require a waiver of bids. Purchases of commodities subject to frequent price fluctuations (i.e. fuel), where the competitive bid process is not practical, may be approved without bidding.

**Village of Montgomery
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VII. Professional services

Professional service contracts by their nature are not adaptive to normal procurement or competitive bidding. Examples include, but are not limited to, contracts for services of individuals or firms possessing a high degree of professional skill where the education, experience or character of the individual is a significant factor in determining their ability to meet Village needs.

- A. All professional services contracts related to Architectural, Engineering, and Land Surveying Services will be governed by the requirements of the Local Government Professional Services Selection Act (50 ILCS 510). Competitive proposals are required where the total contract is \$20,000 or greater, unless the Village has a satisfactory relationship for services with one or more firms.
- B. For professional services other than architectural, engineering, and land surveying services, where the cost is \$20,000 or greater, the contract shall be awarded based upon a competitive request for proposal, unless it is determined that an exception is applicable.
- C. Proposals shall be evaluated based upon the requirements set forth in the request for proposals, which may include qualifications, ability of professional personnel, past record and experience, performance data on file, willingness to meet time and budget requirements, location, workload of the firm, work on similar projects, past performance with the Village, and financial stability. Cost may be considered, but may not alone determine the provider of the professional services.
- D. A request for proposals (RFP) may be advertised publicly and/or sent to a group of known vendors based on prior experience unless a request for qualifications (RFQ) process has been conducted which has determined the pool of vendors to be used. An RFP for professional services shall contain a request for a proposed total fixed price for the contract work.
- E. Based on the complexity of the services sought, interviews and vendor presentations may be appropriate in addition to an evaluation of the proposals received. Factors other than price may be considered when conducting an RFP process. Once proposals are received from interested firms and interviews and/or presentations have been completed, the Village Administrator or designee is authorized to negotiate a contract with the firm deemed most qualified to provide the services based on:
 - 1. Fair and reasonable compensation;
 - 2. Ability of professional personnel to provide services;
 - 3. Past record and experience with the Village, as well as references; and
 - 4. Ability of firm to meet deadlines and budget.

**Village of Montgomery
Purchasing Policy**

VIII. Exceptions to purchasing policy

A. Manual checks

Occasionally, a need will arise for a check to be prepared manually outside of the normal bill list process. These manual checks are needed when a check must be remitted prior to the next Board Meeting. The Village's policy is to keep requests for manual checks at a minimum. Common items for which manual checks can be prepared include, but are not limited to:

1. Payroll related;
2. Late notification of seminar registrations or late decisions to attend;
3. Cash on delivery transactions;
4. Board approved contractual obligations requiring check;
5. Emergency purchases;
6. Pre-approved arrangements with vendors;
7. Situations which will impair the Village financially if a check is not prepared; and
8. Situations which would impair the Village's operations if a check is not prepared.

The Finance Department will process manual checks no more frequently than weekly. The Director of Finance may authorize a non-emergency related check between weekly cycles in situations where immediate issuance of the check is needed to prevent an adverse impact on the Village.

B. Petty cash

Petty cash funds will be used primarily to reimburse employees for incidental expenses associated with Village operations including, but not limited to, mileage reimbursement, meeting expenses, and miscellaneous supplies. All requests for petty cash reimbursement must be submitted on an approved petty cash reimbursement form at the time of disbursement and include a record of the date, person reimbursed, account number, amount, description of the reimbursement, and include appropriate supporting documentation. Unless otherwise authorized by the Director of Finance or his/her designee, petty cash reimbursement shall be limited to no more than \$50 per request.

Petty cash drawers in the amount of \$500 each are maintained by the Village at the Finance Department and Police Department. Responsibility for the safety, security and control of each petty cash drawer rests with the Department Head to which the drawer is assigned. Each Department Head may assign the day-to-day duties of petty cash administration to an appropriate custodian.

When the balance of the drawer is getting low, the designated custodian shall prepare a reconciliation of the petty cash fund providing a count of cash currently in the box as well as a detailed listing of petty cash reimbursement slips received. Upon approval through normal accounts payable procedures a check will be cut to increase the petty cash box to its designated imprest balance.

**Village of Montgomery
Purchasing Policy**

VIII. Exceptions to purchasing policy (Continued)

C. Purchasing card

A purchasing card policy has been adopted by the Village Board as a separate document, and is incorporated into the purchasing policy by reference.

D. Open credit account

The Village maintains a limited number of open credit accounts at local stores to allow for the efficient procurement of routine supplies. Department Heads may authorize employees to purchase at these locations provided due diligence is taken to ensure appropriate authorizations are obtained prior to the purchase. When available, purchasing cards should be utilized rather than charging an item to an open credit account.

Employees must submit receipts for all purchases made on an open credit account to the Finance Department. Receipts must describe the business purpose for which the item was purchased and include the signature of the employee making the purchase and Department Head approving the purchase.

E. Emergency purchases

Emergencies are defined as events or circumstances that could not have been foreseen and where immediate action is necessary to safeguard the public's health, safety and welfare, provide emergency assistance as needed, protect property, remediate situations that may cause public harm and other situations where timing is critical. When an emergency condition exists that requires a public works or public improvement contract or purchase of supplies, the Village Administrator will notify the Village President. Upon concurrence from the Village President that an emergency condition exists, the Village Administrator will have authorization to expend funds over and above the Village Administrator's normal authority to alleviate the emergency if the matter must be reasonably addressed before approval can be sought from the Board of Trustees. If the Village President cannot be reached and immediate action is required, the Village Administrator will be authorized to make emergency purchases with notification to the Village President as soon as possible.

During an emergency, the Village Administrator may delegate specific authority to Department Heads to expend funds to prevent or alleviate the emergency condition. Documentation of the emergency and the need for immediate action shall be transmitted to the Village Board as soon as practical along with information regarding expenditures that have been made and estimated to be incurred. The Village Administrator will provide regular updates to the Village Board as the event continues. If a situation has been determined to be an emergency, the Director of Finance will be notified in order to ensure funds are available and facilitate payment to contractors if necessary.

**Village of Montgomery
Purchasing Policy**

VIII. Exceptions to purchasing policy (Continued)

F. Sole source purchases

Sole source purchases are defined as orders for parts, supplies, equipment or services that are available only from a single source or for other reasons are necessary to purchase from a single source. Sole source purchases may arise from circumstances including, but not limited to:

1. Equipment or supplies for which there is no comparable competitive product or is available only from one supplier;
2. Component or replacement parts for which there is no commercially available substitute;
3. Service contracts where one company is the only company that can provide the service, i.e. proprietary software or software maintenance;
4. Items where compatibility is the overriding consideration for the purchase of related products;
5. Items only available from one source, such as due to distributor exclusivity; and
6. Payments made to other governmental agencies as required by law or established through an intergovernmental agreement.

Items determined to be sole source that are not subject to normal procurement policies may still require Village Board approval and may still require a formal waiver of bids if over \$20,000.

G. State, joint and cooperative purchasing

The State of Illinois annually bids out certain items resulting in low pricing that local governments can take advantage of and take the place of normal procurement procedures. Purchasing through these state contracts allows for efficiencies due to lower administrative costs in procuring quotes, economies of scale and may be a substitute for the normal competitive procurement process.

Other forms of joint or cooperative purchasing may be available through the county or other organizations (i.e. West Central Municipal Conference or Suburban Purchasing Cooperative) representing the Village and other local governments. Because these contracts have been competitively bid, normal competitive procurement policies can be waived. Care should be taken to ensure that the best price is still being obtained through due diligence that provides the necessary quality of goods and services.

The Village may utilize bids obtained through the Illinois Government Joint Purchase Act (30 ILCS 525). To the extent that state or other joint purchasing programs are subject to the bidding rules of the state, intergovernmental agreement or the bidding rules of other governmental bodies, the Village bidding rules shall not apply, provided that purchases over the \$20,000 threshold still require Village Board approval.

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VIII. Exceptions to purchasing policy (Continued)

H. Exclusions

Exclusions from the normal purchasing procedures set forth herein are the following:

1. Bulk fuel
2. Debt payments
3. Employee reimbursements
4. Escrow, utility, or other refunds
5. Garbage disposal
6. Insurance premiums
7. Membership dues
8. Monthly or quarterly service agreements
9. Payroll
10. Payroll taxes, pension contributions and other such withholding
11. Professional services (i.e. attorney, architect, engineering, accounting)
12. Registration fees (i.e. conferences, seminars)
13. Software
14. Utilities

IX. Sales tax exemption

Village purchases are exempt from sales tax. When making purchases for the Village, all reasonable attempts should be made to make purchases exempt from sales tax, which may require presenting the Village's tax-exempt certificate (available from the Finance Department) and completing forms or other documentation. Village policy is that we do not pay sales tax or reimburse employees for sales tax paid out of pocket. In those unusual situations when sales tax payments are unavoidable, Department Heads can authorize payment or reimbursement of a nominal amount sales tax.

Use of the Village's sales tax exemption number is restricted to purchases made on behalf of the Village. State law prohibits use of the Village's sales tax exemption number to secure exemptions for personal reasons and such use will subject the responsible individual to a substantial fine and/or imprisonment.

Illinois Department of Revenue regulations allow contractors to use the Village's sales tax exemption number to purchase materials used in construction of public improvements, which will be eventually dedicated to the Village. Use of the exemption number is limited to purchases directly related to work being done on behalf of the Village. Requests by contractors for the Village's sales tax exemption number shall be forwarded to accounts payable in the Finance Department. The contractor shall be required to submit a letter to the Village requesting sales tax exemption listing the project it will be used for.