

EXECUTIVE ORDER NO. 2, 2022

AN EXECUTIVE ORDER OF THE MAYOR OF THE CITY OF PARK HILLS,
KENTUCKY, AMENDING THE PROCUREMENT POLICY FOR THE PROCUREMENT
OF GOODS AND SERVICES BY THE CITY

Kathy Zembrodt, as Mayor of the City of Park Hills, Kentucky, in conformity with the applicable provisions of KRS 45A, hereby amends and so adopts the Procurement Policy established for the procurement of goods and services under \$30,000.01 for the City of Park Hills, as set forth in the document marked as Exhibit "A" attached hereto and made a part hereof.

This Executive Order repeals and replaces Executive Order No 5, 2019 regarding the same.



KATHY ZEMBRODT, Mayor

Dated: February 17, 2022

CITY OF PARK HILLS
PROCUREMENT POLICY

(Small Purchases Procedures, sums up to \$30,000)

\$0 - \$500 Purchases

- The purchase of any item \$500.00 or less is handled by the individual department heads through petty cash, credit card, or open vendor charge. The individual Department Heads reserve the right to reduce the upper limit of this category to an amount lower than \$500 for their respective departments.

\$500.01 - \$3,000 Purchases

- For purchases of \$500.01 - \$3,000.00, at least three oral quotes are required and can be done over the telephone. These quotes need to be recorded by the department making the purchase. Documentation regarding quotes should be retained by the requesting department for 18 months. This is subject to review by general government staff as well as auditors.
- When three quotes have been received, the individual can choose a vendor and fill out an electronic memorandum outlining the quotes and a short explanation of why the vendor was chosen. This will be to the Department Head for approval. **This must be done before the purchase has been made.**
- The Department Head can then approve the Purchase Requisition or deny it. If approved the purchase can be made.
- When purchased item(s) come in, send the invoice to the City Clerk with required signatures from the Department Head and/or Mayor.

\$3,000.01 - \$10,000 Purchases

- For purchases of \$3001.01 - \$10,000, at least three quotes are needed in writing and sent from the vendor.
- An electronic memorandum from the department making the purchase should outline the three quotes received, the vendors they were received from, and an explanation of which vendor was chosen and why. This will be sent to the Department Head for approval. **This must be done before the purchase has been made.**
- The Department Head can then approve the purchase or deny it. If approved, the purchase can be made. A copy of all three quotes should be attached to the request.
- When purchased item(s) come in, send the invoice to the City Clerk with required signatures for the Department Head and/or Mayor.

\$10,000.01 - \$30,000 Purchases

- For purchases of \$10,000.01 - \$30,000 the Department Head shall have a meeting with the Mayor to determine whether it is required or would be advantageous to the city to utilize the statutory sealed bid process. If the purchase is not opened to the bidding process, the same

procedures as purchases of \$3,000.01 - \$10,000.00 will be in effect. If the purchase is opened to the bidding process, the same procedures as purchases of \$3,000.01 - \$10,000.00 will be in effect after all bids have been received.

- An electronic memorandum from the department making the purchase should outline the minimum of three quotes/bids received, the vendors they were received from, and an explanation of which vendor was chosen and why. This will be sent with the Purchase Requisition to the Department Head for approval. **This must be done before the purchase has been made.**
- The Department Head can then approve the purchase or deny it. If approved, the purchase can be made. A copy of all three quotes/bids should be attached to the request.
- When purchased item(s) come in, send the invoice to the City Clerk with required signatures from the Department Head and/or Mayor.

Emergency Purchases

- In emergency cases, an invoice must be submitted by the next business day after the purchase was made to the Department Head or designee. Any such purchases will require the additional approval of the Mayor.

Annual Purchases/Supplies

- Annual purchases and recurring supplies shall be defined as any items whose cumulative purchase from the same vendor for one year that exceeds the limit of \$500.01, requiring small purchasing procedures.
 - Such items will require a price check once per year and the Department Head signature.
 - Examples include gasoline, auto repairs, maintenance contracts, etc.

Other Procedures

- No purchases should be authorized from a vendor prior to the purchase being approved unless an emergency situation arises where time does not allow for the completion of small purchasing procedures. If a purchase is made without following the proper purchase procedures, the person making the purchase must meet with the Mayor before payment is made. If the purchase order is not approved by the Mayor, a payment may not be made by the city to the vendor. If the Department Head sees that this is happening, it is their responsibility to address and/or report it to the Mayor.
- Any purchase that includes two or more items that exceeds the limits requiring small purchases procedures cannot be split in two or more separate purchases. Example: If 5 computer monitors are needed for \$750, the purchase cannot be broken into 5 separate purchases for \$150 apiece to avoid small purchases procedures. The purchase will require small purchase procedures for the \$500.01 - \$3000.00 range.
- Procurement procedures for professional services will be handled on a case by case basis and a decision will be made by the Mayor. "Professional services" shall be defined by KRS 413.245 as

“any service rendered in a profession required to be licensed, administered and regulated as professions in the Commonwealth of Kentucky...”

- Items can use state and/or county pricing if applicable.
- After a purchase has been approved by the Department Head, the purchase request shall be filed until the invoice for the item(s) arrives. Then the invoice will be attached to the request and receive the appropriate authorized signatures and given to the City Clerk to be processed.
- No Department can enter into a Lease Purchase Agreement without the approval of the Mayor. After review, the Mayor may sign the agreement.
- Vendor Performance
 - If the vendor is non-compliant, the Department Head and/or Mayor and/or City Clerk shall take all necessary steps to ensure that the vendor becomes compliant including, but not limited to: litigation, arbitration, mediation, and/or claims against performance bonds.
 - If after reasonable efforts to secure vendor compliance, the vendor is still non-compliant, the Mayor can void the contract and pursue other vendors.

Exceptions

- The only exception to small purchases procedures will be items where a bid is not practical and/or possible. Examples of such items would include utilities, payroll, postage, etc., when there is only one vendor for a particular item or when only one (1) is available to handle.

Department Head Responsibilities

- It shall be the responsibility of the City Clerk to:
 - Process all invoices promptly upon receipt.
 - Never pay a vendor from a statement or quote
 - Ensure that all invoices are accompanied by detailed and appropriate documentation.
 - Many vendors charge late payment fees and interest, especially through credit cards. Department budgets will be charged with any such fees imposed by the vendor due to invoices not being processed on time.
 - Credit card purchases should be processed at the time of purchase, not at the time the statement is received. All credit card purchases made by the Department Head shall be approved by the Mayor. All credit card purchases made by the Mayor, shall be approved by Council.
 - Checks are processed once every other week, usually on Mondays. Therefore, make every attempt to process requests for any items purchased during the week no later than at the close of business on Fridays before Monday purchase request(s) are processed.

It is the responsibility of the Department Head to ensure that all necessary steps have been taken in the purchasing process before the purchase order is signed.