RESOLUTION NUMBER 2022-26

A RESOLUTION ADOPTING A REVISED 2022 PURCHASING POLICY

WHEREAS, the Village of Lake Bluff (***"Village"***) is a home rule municipality in accordance with Article VII, Section 6 of the Constitution of the State of Illinois of 1970; and

WHEREAS, the Village's Purchasing Policies and Procedures Manual, as most recently amended by Resolution 2009-18 ("***2009 Policy***") provides authority to Village officials to make purchases on behalf of the Village, subject to specific selection, approval, and documentation requirements; and

WHEREAS, the Village Administrator and the Finance Director have reviewed the 2009 Policy and recommend revisions to (i) modify the purchasing authorities to be consistent with state and federal bidding regulations and the Village's home rule authority; (ii) increase the purchasing authority limits appropriate to current prices; (iii) to improve the efficiency of the Village's purchasing process, including by adopting new methods of payment; and (iv) to otherwise enhance the clarity and functionality of the document; and

WHEREAS, the Village President and Board of Trustees have determined it is in the best interests of the Village to supersede the 2009 Policy and adopt a revised Purchasing Policy dated May 1, 2022, which is attached hereto and by this reference incorporated herein as ***Exhibit A*** ("***2022 Purchasing Policy***"), and to amend certain past Resolutions to be consistent with the 2022 Purchasing Policy.

NOW, THEREFORE, BE IT RESOLVED BY THE VILLAGE PRESIDENT AND THE BOARD OF TRUSTEES OF THE VILLAGE OF LAKE BLUFF, COUNTY OF LAKE, STATE OF ILLINOIS, as follows:

Section 1. Recitals.

The foregoing recitals are hereby incorporated into and made a part of this Resolution as the findings of the President and Board of Trustees of the Village of Lake Bluff.

Section 2. Adoption of Purchasing Policy.

Pursuant to the home rule powers of the Village, the *2022 Purchasing Policy* attached to this Resolution as ***Exhibit A*** is hereby adopted.

[Continued on next page.]

Section 3. Amendment of Resolution 2020-36.

Section 3.B, entitled "Authorization and Execution of Agreement", of Resolution 2022-16, approving an agreement with Paylocity Corporation for payroll and human resource services, is hereby amended to read as follows [Additions **bold and double underlined**; ~~deletions are struck through~~]:

"B. The Village Administrator is authorized to modify the scope of Services provided by Vendor from time to time to best satisfy the business needs of the Village; provided that the total payments to Vendor in any fiscal year may not exceed ~~$20,000~~ **the Village Administrator's authority pursuant to Section 5.2 of the Village's Purchasing Policy** without approval of the Village Board by resolution duly adopted."

Section 4. Amendment of Resolution 2022-16.

Section 3.B, entitled "Authorization and Execution of Agreement", of Resolution 2022-16, approving an agreement with AT&T for internet services, is hereby amended to read as follows [Additions **bold and double underlined**; ~~deletions are struck through~~]:

"B. The Village Administrator is authorized to modify the scope of Services provided by Vendor from time to time to best satisfy the business needs of the Village; provided that the total payments to Vendor in any fiscal year may not exceed ~~$20,000~~ **the Village Administrator's authority pursuant to Section 5.2 of the Village's Purchasing Policy** without approval of the Village Board by resolution duly adopted."

Section 5. Effective Date.

This Resolution shall be in full force and effect upon passage and approval in the manner provided by law for purchases initiated on or after May 1, 2022.

PASSED this 25th day of April, 2022, by the President and Board of Trustees of the Village of Lake Bluff.

AYES: (6) Rappin, Rider, Ankenman, Briand, Fisher, Markee

NAYS: (0)

ABSENT: (0)

APPROVED this 25th day of April, 2022.

Barbara Ankenman
Village President Pro-Tem

ATTEST:

Deputy Village Clerk

Village of Lake Bluff Purchasing Policy

NORTH SHORE LIFE
LAKE BLUFF STYLE

Revised and Adopted by Village Board:
May 1, 2022

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Quick Reference

Purchase Methods (Section 3)	Simplified Purchasing	Open Market Purchasing (Three Quotes)	Competitive Purchasing
Less than $5,000	X	X	X
$5,000 to $24,999		X	X
Exceeding $25,000			X
Exceptions (Section 4): Emergency Purchases; Repetitive Purchases; Professional Services; Sole Source Purchases; Cooperative Purchases; Use of Federal Funds; Common Sense Exception.			

Purchase Approval (Section 5)	
Approval Authority	**Purchase Amount**
Department Head or designee	Less than $5,000
Finance Director	Less than $10,000
Village Administrator	Less than $25,000
Village Board	$25,000 or more

1 **Introduction.**

1.1 **Purpose.** This Policy provides the framework for the Village's operational purchases, including:

1.1.1 The selection of vendors for Village business so as to balance fair competition, efficiency in purchasing, and transparency in the use of public funds;

1.1.2 The incorporation of best practices into the terms of solicitations and contracts;

1.1.3 The means of approving purchases and any changes to purchases (change orders); and,

1.1.4 The administration of payments, contracts, and other essential purchasing actions.

1.2 **Scope.** This Policy is applicable to all purchases for goods and services of every type or nature by the Village and its employees, except that it does not apply to:

1.2.1 The Lake Bluff Public Library or the Foreign Fire Insurance Board.

1.2.2 Any expenditures by the Village to issue refunds of Village fees or taxes.

1.2.3 Any Village payroll expenses, including any payments of earned salary, taxes, insurance and fringe benefits, pension and retirement obligations, and the like, regardless as to whether the liability to pay is the employer's or the employee's.

1.3 **Responsible Officer.** The Village Administrator and the Finance Director are jointly responsible for the implementation of this Policy.

1.4 **Home Rule Authority.** The Village of Lake Bluff is a home rule municipal corporation in accordance with Article VII, Section 6(a) of the Constitution of the State of Illinois of 1970. The Village has exercised its home rule authority to adopt this policy. Therefore, any provisions of this Manual that conflict with State statute control except when the General Assembly has preempted the home rule authority. .

1.5 **No Third Party Beneficiaries.** The authority and procedures provided by this Manual are to enable purchases that, in the Village's own judgment, are most favorable to the interests of the Village and the public. This Manual is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable against the Village. Moreover, the Village Board has the authority to expressly or impliedly waive the strict following of this Manual.

1.6 **Key Definitions.**

1.6.1 "***Department Heads***" are the Chief of Police; the Fire Chief; the Building Codes Supervisor; the Village Engineer; the Public Works Superintendent; and the Assistant to the Village Administrator. This definition does not exclude the Village Administrator and Finance Director, who have powers in excess of Department Heads under this Policy.

1.6.2 "***Purchase***" refers to a single project and/or contract for goods and/or services, including construction and professional services. In the case of a renewing agreement, each renewal is a separate purchase.

1.6.3 "***Purchase Value***" refers to the sum of all payments to a single vendor, including any of its subcontractors, for a single project and/or resulting from a single contract. The purchase value is gross, not net, and is not reduced by credit given by a vendor for the trade-in or return of equipment. The purchase value includes all sums to be paid using grants and outside funding.

1.6.4 "***Purchaser***" refers to the person engaging in a purchase on behalf of the Village in the manner provided by this Policy.

1.6.5 "***Vendor***" refers to any counter-party to the Village in a purchasing contract, regardless of form. Examples of "vendor" include contractors, consultants, lessors, and suppliers.

1.6.6 "***Contract***" refers to any written instrument between the Village and one or more vendors to purchase goods and/or services in exchange for payment, regardless of form. Examples of "contracts" include written contracts, service and maintenance agreements, professional services agreements, leases, accepted quotes and proposals, and Village purchase orders delivered to a vendor.

1.6.7 "***Bidder***" refers to any prospective Vendor participating in a competitive solicitation for Village business, regardless of form. Examples of "bidders" includes respondents to requests for bids, proposals, and qualifications.

1.6.8 "***Bid***" refers to any offer in response to a competitive solicitation for Village business by a Bidder, regardless of form. Examples of "bids" include responses to requests for bids, proposals, and qualifications.

1.6.9 ***"Change Order"*** refers to a written change in a contract term, other than as specifically provided for in the contract, which authorizes or necessitates any increase or decrease in the cost of the contract or the time to completion. (See Section 6.)

2 **Purchase Methods (Solicitation).**

2.1 **Simplified Purchasing.** For expenditures less than $5,000, a purchaser may procure goods and/or services where the purchaser determines the price is reasonable. The purchaser's determination may be based on research, experience, purchase history, or other information.

2.2 **Open Market Purchasing.** Open market purchasing is an option for all procurements less than $25,000. In open market purchasing, a purchaser procures goods and/or services after comparing available options in the marketplace without a formal advertisement.

2.2.1 Open market purchases should, wherever practicable, be based on at least three written quotes. However, a solicited vendor's failure to provide a written quote within a reasonable period of time should not delay the Village's purchasing process.

2.2.1.1 Prompt open market purchase decisions are important to the Village's operations as well as strong and responsive relationships with vendors. Open market purchase decisions should generally last no longer than 21 calendar days from inception to the selection of a vendor.

2.2.1.2 Solicitations for quotes may be subject to a fixed deadline no sooner than five working days after a solicitation is sent in order to expedite the selection process.

2.2.1.3 When only one quote is provided at the conclusion of a solicitation period, that fact alone does not prevent the Village from accepting that quote.

2.2.2 Quotes may be solicited for open market purchases by direct mail, telephone, e-mail, public notice, online solicitation, or any other method deemed appropriate by the Village.

2.2.3 Quotes solicited through open market purchasing need not be sealed or opened publicly.

2.2.4 The purchaser may proceed with the vendor who provides the most advantageous cost benefit to the Village, which may or may not be the lowest price quoted.

2.3 **Competitive Purchasing.** Competitive purchasing is an option for all procurements, but is only required for purchases exceeding $25,000. Before using competitive purchasing, a purchaser should weigh the benefit a competitive solicitation is expected to yield for the Village versus the resource cost of conducting a solicitation and the applicability of any purchasing exceptions provided in this Policy (such as cooperative purchasing opportunities). Competitive purchasing procedures are provided in Section 3.

3 Competitive Purchasing Procedures.

3.1 **Responsible Officer.** The Department Head responsible for a purchase is ordinarily responsible for conducting competitive purchases in the manner provided in this Section. The Village Administrator and the Finance Director may provide direction on specific details of competitive purchases.

3.2 **Generally.** Competitive purchasing consists of a public advertisement seeking bids to provide goods and/or services followed by a reasonable response period to allow for the submission of sealed bids.

3.3 **Methods.**

3.3.1 **Formal Bidding.** Formal bidding is appropriate where: (i) a complete, adequate, and realistic specification or purchase description is available; (ii) when two or more responsible bidders are willing and able to compete effectively; and (iii) when the procurement lends itself to a firm, fixed price contract such that an award can best be made principally on the basis of price.

3.3.2 **Request for Proposals (RFP).** A requests for proposals may be used where competition is desirable yet where conditions are not appropriate for selections based principally on price. Most commonly, RFPs are appropriate for the procurement of professional services (except when a Qualification-Based Section process is appropriate). Evaluation may be based on the bidder's initial written submittal as well as presentations, interviews, references, and other competitive steps, which may include all bidders or only those bidders who submit the proposals that are likely to be the most advantageous for award. Contracts are to be awarded to the bid that is most advantageous to the Village considering price and other factors.

3.3.3 **Qualifications-Based Selection (QBS).** Generally, the Village will use the request for proposals process for procuring design, architecture, and engineering professional services as competitive pricing information assists the Village in negotiating the most advantageous contract.[1] However, the Village may use a Qualifications-Based Selection process where it is in the best interest of the Village to do so; where required by law; or where required as a condition of outside funding.[2]

3.3.4 **Other Methods; No Limitation.** The foregoing list does not limit the Village's ability to use other lawful methods of competitive procurement.

[1] As a home rule municipality, the Village is not subject to the Local Government Professional Services Selection Act (50 ILCS 510/).

[2] For example, see Sections 5-5.06 of the Illinois Department of Transportation's *Bureau of Local Roads and Streets Manual* for common requirements applicable to State and Federal funding of road projects, including projects paid in part with Motor Fuel Tax revenues.

3.4 **Standard Forms.** The Village Attorney has prepared standard forms that are generally applicable and that satisfy all of the following requirements. Employees engaged in the procurement process should consider whether it is practical and prudent to use a form prepared by the Village Attorney prior to using a bidder's form contract.

3.5 **Bid Advertisement.** Each competitive purchase must be advertised to potential bidders.

3.5.1 **Online Publication.** A public notice and invitation to bid must be posted on the Village website. Each announcement must contain:

3.5.1.1 A general description of the goods or services to be purchased;

3.5.1.2 The location of the work site, if applicable;

3.5.1.3 The place where detailed bid documents may be found and reviewed;

3.5.1.4 The deadline, place, and manner for the submission of bids;

3.5.1.5 If a bid opening is to be conducted, the time and place of the bid opening; and

3.5.1.6 A reservation of the Village's rights to accept any and all bids, waive irregularities and informalities; and request additional information necessary in order to evaluate the responsibility and responsiveness of bidders and their bids as described elsewhere in this Section.

3.5.2 **Newspaper Publication.** For public works expected to be in excess of $50,000, the advertisement must be published in at least one newspaper of general circulation within the Village. All other procurements may also voluntarily be published.

3.5.3 **Direct Invitations.** A bid may optionally be shared with potential bidders by direct mail, telephone, e-mail, public notice, online publication, or any other method deemed appropriate by the Village. Direct invitations to bid may be delivered no earlier than the day notice is first published pursuant to Section 3.5.1. In issuing direct invitations, Village employees should not provide a potential bidder with any information that is not available in the bid documents to all potential bidders.

3.6 **Response Period.** The deadline for bids must be no sooner than 10 days after the online publication required by Section 3.5.1. Generally, the Village prefers to allow a period of 14-30 days for the submission of bids to increase competition.

3.7 **Bid Bond / Guarantee.** For public works expected to be in excess of $50,000, each bidder must provide a bid guarantee equivalent to five percent of the proposed total contract price unless this requirement is waived by the Village Administrator. The Village Administrator may direct that this requirement may be added where it is not required, modified, or waived. The bid guarantee must consist of a firm commitment such as a bid bond, certified check, or other negotiable instrument accompanying a bid as assurance that the bidder will, upon acceptance of the bid, execute such contractual documents as may be required within the time specified. Bond sureties must meet the requirements provided in Section 7.2.3 of this Policy.

3.8 **Opening of Bids (Formal Bidding).** All bids that are to be awarded primarily on the basis of price must be opened in public at the time specified in the bid advertisement. The opening may be done in person or by electronic means that is available to bidders who desire to witness the opening (i.e. on the Zoom platform). At least two other people, who may be employees of the Village, must witness the opening. A bid tabulation must be prepared summarizing all bids opened.

3.9 **Best Responsible and Responsive Bidder.** The result of a competitive purchase should be award of the contract to the best responsible and responsive bidder who has offered the most advantageous pricing or cost benefit based on the criteria stipulated in the bid documents. The responsibility and responsiveness of the bid may include an evaluation of:

3.9.1 The Bidder's compliance with the bid documents, including required plans and specifications, and with bidding and contract requirements including the provision of all bond security, performance and payment bonds, and certificates of insurance;

3.9.2 The ability, capacity, and skill of the bidder to perform the solicited work;

3.9.3 Whether the bidder has the requisite facilities, plant, capital, financial resources, organization, and staffing to enable the bidder to perform the solicited work successfully and promptly, within the time specified, without delay or interference;

3.9.4 The character, integrity, reputation, judgment, experience, and efficiency of the bidder;

3.9.5 The quality of the bidder's performance of previous contracts or services;

3.9.6 The previous and existing compliance by the bidder with other contracts and the laws or ordinances relating to said contracts;

3.9.7 Where relevant, the ability of the bidder to provide future maintenance and service;

3.9.8 Any material imbalance between line items in the bid, such that different items are bid significantly less and more than the vendor's cost for different items of work, which (i) gives rise to reasonable doubt that the bid will result in the lowest overall cost to the Village even though it may be the low tabulated bid; or (ii) are so unbalanced as to be tantamount to allowing an advance payment;

3.9.9 The conditions placed on the bid by the bidder; and

3.9.10 Any other factor that the Village may legally consider in selecting the bidder that is in the Village's best interest.

3.10 **Disqualifying Low Bidders (Formal Bidding).** Where award is to be made principally based on price (i.e. to the low bidder) and (i) the apparent low bidder does not qualify as a responsible and responsive bidder; or (ii) the low bidder's response is incorrect or incomplete in a manner that constitutes an unwaivable and material defect, the Village will disqualify the low bidder from consideration.

3.11 **Reservation of Rights.** Notwithstanding Sections 3.9 and 3.10, every bid document issued by the Village will include an express reservation of rights to the effect that the Village may accept the bid that is, in its judgment, the best and most favorable to the interests of the Village and the public; accept any item of any bid; reject any and all bids, including the low price bid; and waive irregularities and informalities in any bid.

3.12 **Accepting Single Bid.** When only one bid is received, that fact alone does not prevent the Village from accepting that bid or awarding the purchase to the sole bidder.

3.13 **No Bid Lists.** The Village does not maintain bid notification lists and does not encourage the submission of unsolicited statements of qualifications.

4 **Exceptions to Solicitation.** The following circumstances justify the selection of a vendor without first engaging in Open Market or Competitive Solicitation as required by Section 2. It is the responsibility of the purchaser to document the qualifying circumstances that justify the use of an exception.

4.1 **Emergency Purchases.** Solicitation may be waived where the public exigency or emergency necessitating a purchase will not permit delay.

4.2 **Repetitive Purchases.** For purchases valued under $25,000, it is not necessary to solicit for purchases that are repetitive in nature where prices or rates are not expected to change. A purchaser may rely on Village solicitations for substantially similar work completed within either or both (i) the preceding 90 days or (ii) the same fiscal year.

4.3 **Professional Services.**[3] Any contract for professional services, where the vendor must exhibit a high degree of professional skill and/or where the ability or fitness of the individual is important to the fulfillment of the services, may be awarded in a manner most advantageous to the Village. Specifically, and without limitation, the Village may retain any firm with which it has an existing satisfactory relationship for the same type of services without further solicitation. This exception may also extend to goods and materials purchased in conjunction with professional services.

4.4 **Sole Source Purchases.** Solicitation may be waived where an item or service is only available for purchase from a single source. Typically, equivalents to a "brand name" product should be accepted, and a "brand name" should not be specified solely to justify a sole source award. However, specifying a specific brand or product can be appropriate in certain circumstances, especially where doing so will ensure interoperability or uniformity.

4.5 **Cooperative Purchases.**

4.5.1 **Generally.** The Village may participate in (before or after award), sponsor, conduct, and/or administer cooperative purchases in lieu of its own solicitation. This includes, but is not limited to, the Village's participation in contracts let by the State of Illinois, the U.S. General Services Administration, other public agencies, and other procurement associations and partnerships. Joint purchases are highly preferred as they improve the efficiency of procurement and allow the Village to realize significant economies of scale. A procurement competitively bid through a cooperative purchase initiative shall satisfy the requirements of Sections 3.2 to 3.12 of this Manual.

4.5.2 **More Favorable Terms.** Nothing prevents the Village from negotiating for more favorable terms from a vendor holding a cooperatively awarded contract. This Policy does not require competitive solicitation in these circumstances, even if the ultimate terms of the purchase deviate from the strict basis of the cooperative award.

4.5.3 **Authority to Enter Cooperatives.** The Village Administrator is authorized to enter into contracts with other public agencies as well as procurement associations and partnerships for the primary purpose of allowing the Village to access joint purchasing opportunities.

4.6 **Use of Federal Funds.** Any purchase that utilizes federal funds will comply with the applicable requirements of 2 CFR § 200. Nothing in this exemption prohibits the use of other available exceptions that are also permissible under 2 CFR § 200. Based on an evaluation of risk and the Village's procurement procedures, as supported by its annual audit and history of compliance with the Illinois Grant Accountability and Transparency Act (30 ILCS 708/), the following increased thresholds apply to these procurements:

4.6.1 **Flexible Purchasing** procedures may be used for purchases not exceeding the Federal micro-purchase threshold currently in effect at the time of purchase (currently $10,000), or up to any increased micro-purchase threshold (currently up to $50,000) as may be approved by the applicable Federal agency; and,

[3] As a home rule municipality, the Village is not subject to the Local Government Professional Services Selection Act (50 ILCS 510/).

4.6.2 **Open Market Purchasing** procedures may be used for purchases not exceeding the Federal simplified acquisition threshold in effect at the time of purchase (currently $250,000), except that three written proposals must be obtained.

4.7 **Common Sense Exemption.** No solicitation is required prior to purchases which, by their nature, are not suited to competition. This includes, but is not limited to, the purchase of: public utility services; postage; magazines, books, periodicals, and other educational materials; membership in trade, lobbying, or professional organizations; and purchases from other units of government, including intergovernmental cooperatives.

5 Purchase Approval.

5.1 **Generally.** Prior to engaging in any purchase, a purchaser must obtain any approval provided in this Section 5, regardless of how a vendor was selected. Each person reviewing, recommending, or approving a purchase is responsible for ensuring the selection of a vendor is consistent with this Policy.

5.2 **Approval Levels.**

5.2.1 **Under $5,000.** A Department Head may approve purchases with a total value under $5,000 and may review and recommend purchases with a value over $5,000. A Department Head may delegate this authority to others over whom they have authority.

5.2.2 **Up to $10,000.** The Finance Director may approve purchases with a total value under $10,000.

5.2.3 **Up to $25,000.** The Village Administrator may approve purchases with a total value under $25,000.

5.2.4 **$25,000 and Over.** The Village Board may approve purchases with a total value exceeding $25,000 by resolution duly adopted.

5.3 **Exception (Waiver of Competitive Bidding for Public Works).** Where a contract (i) for a public work or improvement (ii) is over $25,000 in value, (iii) is not competitively solicited, whether by the Village or through cooperative purchasing; (iv) is not with the Federal government or an agency thereof; and (v) is not paid in whole or in part by special assessment or special taxation, the contract must be authorized by a vote of two-thirds of the trustees then holding office excluding the Village President.[4] This requirement applies regardless of any purchasing exception provided in Section 4 of this Policy.

5.4 **Purchase Requisitions and Purchase Orders.** The Village generates electronic purchase orders internally to process and memorialize the procurement process, including how a purchase was solicited and approved. A purchase order must be generated for purchases in excess of $5,000 and is optional in other circumstances. A purchase order does not be provided to a vendor unless required by the vendor or deemed prudent by a purchaser.

5.5 **Execution Authority for Contracts.** Any Department Head may execute contracts for less than $10,000 in total value. Either the Village Administrator or the Finance Director must execute contracts for $10,000 or more. Executed contracts may not be provided to a vendor until every necessary approval under this Policy has been obtained, including the generation of a purchase order (Section 5.4).

[4] 65 ILCS 5/8-9-1

5.6 **Emergency Purchases.** An emergency purchase is one in which, it would not be prudent or practical to delay a purchase due to a public exigency or emergency. Notwithstanding any other provision of this Section, for emergency purchases:

5.6.1 **Under $25,000.** The Village Administrator may verbally authorize emergency purchases under $25,000.

5.6.2 **Over $25,000.** The Village Administrator and the Village President may verbally authorize emergency purchases over $25,000. In the absence of the Village President, the chair of the Village Finance Committee may provide concurrence. In the absence of both the Village President and the Finance Committee chair, any two trustees may provide concurrence. The Village Administrator must present any emergency expense over $25,000 for ratification by the Village Board of Trustees at its next regular or special meeting.

5.6.3 **Other Procedures.** Any Department Head may sign a contract for an approved emergency purchase. A purchase order may be generated after the fact for an approved emergency purchase.

6 Change Orders.

6.1 **Generally.** The approval of a written change order is required for any change in a contract term, other than as specifically provided for in the contract, which authorizes or necessitates any increase or decrease in the cost of the contract or the time to completion.

6.2 **Prohibited Change Orders.** No change order concerning a public work may be approved that authorizes or necessitates any increase in the contract price, or the price of a sub-contract, by 50% or more of the original contract price.[5] These items of work must be treated as a new procurement.

6.3 **Major Change Orders.** Major change orders are those that increase or decrease a contract price by $10,000 or more, or increase the time of completion by 30 days or more. By law, the Village Board of Trustees must, by resolution, find that one of the following circumstances exists in order to authorize the change order:[6]

6.3.1 The circumstances said to necessitate the change were not reasonably foreseeable at the time the contract was signed; or

6.3.2 The change is germane to the original contract; or

6.3.3 The change order is in the best interest of the Village and authorized by law.

Exception: Where both the original contract and revised contract have a value less than $25,000, the Village Administrator is authorized to make written findings necessary to approve a major change order.

6.4 **All Other Change Orders.** In all other cases, change orders may be approved subject to the same approval requirements as an original purchase. The approvals required are as set forth in Section 5.1 based on the original or revised value of the contract, whichever is higher; except that the Village Administrator may exceed the limits otherwise provided in Section 5.1 to approve change orders that do not exceed 110% of the original contract value.

[5] Public Works Contract Change Order Act (50 ILCS 525/).
[6] Criminal Code of 2012, Article 33E: Public Contracts (720 ILCS 5/33E-9).

6.5 **Execution Authority for Change Orders.** The authority to execute a change order with a vendor is as set forth in Section 5.5 based on the original or revised value of the contract, whichever is higher.

7 Contract Terms and Administration

7.1 **Standard Forms.** The Village Attorney has prepared standard form contracts that are generally applicable and that satisfy all of the following requirements. Employees engaged in the procurement process should consider whether it is practical and prudent to use a form prepared by the Village Attorney prior to using a bidder's form contract.

7.2 **Financial Assurances.** Unless waived by the Village Administrator, the following financial security requirements apply to contracts for public works in excess of $50,000[7] that are not emergency purchases (Section 4.1 of this Policy):

7.2.1 **Performance Bond.** Each vendor must provide a performance bond for 110 percent of the contract price to assure fulfillment of all the vendor's requirements under such contract.

7.2.2 **Labor and Material Payment Bond.** Each vendor must provide a labor and materials payment bond for 110 percent of the contract price to assure payment as required by law of all persons supplying labor and material in the execution of the work provided for in the contract.

7.2.3 **Surety Qualifications.** The surety of any bond must be a company that is licensed and authorized by the Illinois Department of Insurance to execute surety bonds. The company must have a financial strength rating of at least A- as rated by A.M. Best Company, Inc., Moody's Investors Service, Standard & Poor's Corporation, or a similar rating agency.

7.3 **Liability Protection and Indemnity.** All proposed contracts for services should contain provisions requiring the vendor to defend, indemnify, and hold harmless the Village and its officials, employees, agents, and volunteers from any and all liability in the broadest terms possible.

7.4 **Insurance.** Each purchaser should, in consultation with the Finance Director, set insurance requirements for each purchase of services. Insurance requirements should be based on IRMA's Recommended Contractual Insurance Guidelines or the advice of legal counsel. Every competitive procurement must list all insurance coverage requirements applicable. Unless waived by the Finance Director, all insurance requirements must include that:

7.4.1 The Village and its officials, employees, agents, and volunteers must be named as additionally insured on a primary and non-contributory basis.

7.4.2 Policies must be in a form, and from companies, acceptable to the Village.

7.4.3 No change, modification in, or cancellation of any insurance can become effective until the expiration of 30 days after written notice thereof are given by the insurance company to the Village.

[7] By its home rule authority, the Village exempts itself from the public works provisions of the Public Construction Bond Act (30 ILCS 550/). The $50,000 threshold provided is at the Village's own election.

7.5 **Prevailing Wage, Equal Opportunity, and Requirements of Law.** Numerous laws apply to vendors in the Village's employ. Every contract should state that every provision of law required by law to be inserted is deemed to be inserted therein. While not an exhaustive list, each contract should including a specific requirement that the vendor follow, as each may be applicable to the contract: The USA Patriot Act (107 Public Law 56); the Prevailing Wage Act (820 ILCS 130/); the Steel Products Procurement Act (30 ILCS 565/); the Freedom of Information Act (5 ILCS 140/); the Substance Abuse Prevention on Public Works Act (820 ILCS 265/); and any statutes prohibiting discrimination because of, or requiring affirmative action based on, race, creed, color, national origin, age, sex, or other prohibited classification, such as the Americans with Disabilities Act (42 U.S.C. § 12101), the Illinois Human Rights Act (775 ILCS 5/), and the Public Works Discrimination Act (775 ILCS 10/).

8 Payment for Purchases.

8.1 **Payment of Bills.** Each Department Head submitting bills for payment confirms, by doing so, that the goods or services billed to the Village were actually received and acceptable. Each bill submitted for by a Department Head must be certified as correct by the Finance Director, approved by the Village Administrator, and authorized by one of the following methods. The Finance Director make authorized payments by check or electronically, including ACH and wire transfer transactions.

8.1.1 **Generally.** The Village Board will consider approval in the form of a warrant report identifying each vendor, invoice, amount to be paid, and the budget line item from where payment will be drawn.

8.1.2 **Manual Payment.** The Village Administrator may authorize the issuance of manual payments, which must be presented for subsequent ratification by the Village Board of Trustees at its next meeting, where the payment is necessary to:

8.1.2.1 Correct non-substantive errors in a payment previously approved by the Village Board of Trustees.

8.1.2.2 Avoid interest, late payment, or similar penalties.

8.1.2.3 Pay emergency expenses or expenses that otherwise cannot be delayed without interfering with the Village's operations.

8.1.3 **Administrative Approval.** Where the Village Board does not meet on the second or fourth Monday of each month, the Village Administrator is authorized to approve and release any individual payment under $25,000. A separate warrant report must be presented for subsequent ratification by the Village Board at its next meeting. Individual payments for $25,000 or more may only be released with the prior authorization of the Village Board.

8.2 **Commercial Credit Transactions (Purchasing Cards).**

8.2.1 **Generally.** The Government Finance Officers of America recommends the use of purchasing cards to improve the efficiency and effectiveness of purchasing. This Section is intended to broadly allow purchasers to use Village credit to transact purchases, including: purchasing cards; credit and debit cards; and accounts and lines of credit with an individual vendor (e.g. store credit lines). Payment by card is simply an alternative form of payment and all other provisions of this Policy apply to purchases paid by card.

8.2.2 **Purchase Limit.** Each individual purchase transaction must be limited to no more than $2,000. The Village Administrator may authorize transactions in excess of $2,000 for good cause.

8.2.3 **Authority to Obtain Credit.** The Village Administrator may, upon the recommendation of the Finance Director, enter contracts to obtain purchasing cards, credit cards, and debit cards to be used as a general form of tender for Village business. The Finance Director may enter into contracts to obtain revolving credit with an individual vendor.

8.2.4 **Authority to Provide Credit Access.** From time to time, the Village Administrator may designate specific employees to hold Village purchasing cards who have purchase approval authority. Each employee to whom a card is issued is responsible for the security of the card and must take all necessary measures to ensure it is only used as permitted by this Policy. Employees may be required to sign a policy acknowledgement prior to receipt and may, on an individual basis, be subject to additional controls and restrictions beyond those provided in this Policy.

8.2.5 **Ownership of Rebates.** Any rebate or incentive generated by the use of Village credit is the exclusive property of the Village.

8.2.6 **Receipts Required.** Receipts or similar documentation are required to substantiate all purchasing card transactions, except for a transportation expense for which a receipt is not readily available. A vendor's individual purchase information included on a statement of account may serve as acceptable documentation provided that it identifies the date, time, and amount of specific goods or services received. The Village Administrator may authorize exceptions for good cause where no receipt is available.

8.2.7 **Presentation to Village Board.** Purchasing card transactions will result in the same level of information being presented to the Village Board as though each transaction were processed as a separate bill (Section 8.1). Transaction detail will be presented at the time that payment is requested against the credit balance.

8.3 **Petty Cash Transactions.**

8.3.1 **Generally.** Petty cash may be used to pay or reimburse expenses not exceeding $100. Petty cash is not a preferred means of payment and should only be used for miscellaneous expenses that are irregular in nature; where credit is unavailable; or where it is impractical to utilize credit for the expenses. Payment by petty cash is simply an alternative form of payment and all other provisions of this Policy apply to purchases paid by petty cash.

8.3.2 **Receipts Required.** Receipts or similar documentation are required to substantiate all petty cash transactions, except for a transportation expense for which a receipt is not readily available. A vendor's individual purchase information included on a statement of account may serve as acceptable documentation provided that it identifies the date, time, and amount of specific goods or services received. The Village Administrator may authorize exceptions for good cause where no receipt is available.

8.4 **Reimbursement of Employee Expenses.** The reimbursement of employees for expenses after the fact is not a preferred means of payment. Every request for reimbursement must state the date, time, place, amount, and business purpose of each expense.

8.4.1 **Receipts Required.** Receipts or similar documentation are required to substantiate all employee reimbursements unless the reimbursement is (i) made on the basis of standard or per diem rates as currently published by the Internal Revenue Service; or (ii) for a transportation expense for which a receipt is not readily available. The Village Administrator may authorize exceptions for good cause where no receipt is available.

8.4.2 **Overnight Travel Authorization.** Regardless of the dollar value, overnight employee travel must be authorized in advance and in writing by the Village Administrator based on a written estimate of expenses to be incurred. No Village funds may be paid to an employee or a vendor for overnight travel until pre-authorization is provided. The Village Administrator may authorize exceptions for good cause, such as in an emergency when requesting pre-authorization cannot be done.

8.4.3 **Overnight Travel Advances.** The Village may, but is not required to, provide an advance to employees on overnight travel to cover costs incurred while traveling. Any advance must be requested in writing and must be reasonably calculated not to exceed estimated expenses. The amount of the advance, if any, that exceeds the amount of actual expenses must be promptly returned to the Village.

9 **Tax Exemption.** The Village is exempt from sales, use, and excise tax. It is the responsibility of every purchaser to exercise their best efforts to use the Village's tax exemption. Vendors may use the Village's tax exemption to purchase materials for project expenses,[8] and Village contracts should state that no such taxes may be included or reimbursed to a vendor.

10 **Recordkeeping.** The Village Administrator's office will serve as the custodian of the Village's contract files. Each Department Head will serve as the custodian of files for any competitive purchase process they conduct. The Finance Department, under the supervision of the Finance Director, will serve as the custodian of all other records subject to this Policy. All records are to be maintained until both (i) they no longer have administrative, legal, research, or historical value to the Village and (ii) they may be lawfully destroyed under the Village's records retention schedule. All destruction of records must be pursuant to the Local Records Act (50 ILCS 205/).

11 **Prohibited Acts.** The following actions may carry criminal or civil penalties and may result in disciplinary action, up to and including termination, even for a first offense. No person subject to this Policy may:

11.1 Obligate the Village to make any purchase or to enter into any contract for purchase except in conformance with, and after having obtained all necessary approvals under, this Policy.

11.2 Engage in bid stringing[9] or otherwise divide or structure any purchase with the intent to evade a threshold defined in this Policy.

11.3 Use the Village's tax exemption number for personal benefit or in any manner otherwise contrary to law.

11.4 Use Village credit or funds for personal use, even temporarily or with the intent of repaying the Village at a future date.

11.5 Participate directly or indirectly in a purchase in which the person has a conflict of interest.

11.6 Solicit or accept any kickback[10] or gifts in violation of the Village's gift ban in connection with any purchase.[11]

11.7 Open sealed bids other than at the advertised time or outside the presence of witnesses.[12]

[8] 86 Illinois Administrative Code 130.2076, "Sales to Purchasers Performing Contracts with Governmental Bodies."
[9] 720 ILCS 5/33E-18
[10] 720 ILCS 5/33E-7
[11] Title 1, Chapter 11 of the Lake Bluff Municipal Code.
[12] 720 ILCS 5/33E-5

11.8 Disclose to interested parties any information related to the terms of a sealed bid or any bidder's responsiveness to a competitive solicitation, except as provided by law; as necessary to perform duties relating to the bid; or where also made available to the public.[13]

11.9 Otherwise intentionally violate or circumvent any provision of this Policy.

12 **Appendices.** The following attachments are provided as a reference for purchasers. They may be added to, updated, or rescinded by the Village Administrator.

Appendix A IRMA Contractual Insurance Guidelines

Appendix B Sales Tax Exemption Certificate

[13] 720 ILCS 5/33E-6