

VILLAGE OF MOUNT PROSPECT



Purchasing Policies and Procedures Manual

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CHAPTER 1 - INTRODUCTION

A. Introduction/Statement of Policy

The purpose of this purchasing manual is to provide the Village of Mount Prospect officials and staff with guidelines and directions for the acquisition of goods and services. When used with good judgment and common sense, the policies and procedures conveyed herein will allow the Village to obtain required supplies and services efficiently and economically.

The Village of Mount Prospect utilizes a decentralized purchasing process. Purchasing activities (specification preparation, bid reviews, telephone quotation solicitation, and requisition preparation) are the responsibility of the using department and must be conducted within policies and procedures contained within this Purchasing Policies and Procedures Manual.

The manual is divided into sections dealing with purchasing policies and procedures. The policy sections contain all the purchasing policies reviewed and recommended by the Village Manager and adopted by the Village Board, which must be adhered to by Village employees. The procedures sections provide a “how to” guide for processing purchase orders and other procedures regarding payment processing.

Employees are expected to read and understand the purchasing policies and procedures manual. This manual is designed to be a fluid document and will be modified from time to time to conform to changes in legislation, technology, and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for purchasing activities. Employees who need help dealing with specific situations not covered by the manual should contact their department head.

The Village Manager, or his/her designee, shall be the final authority with regards to enforcement of any of the provisions of this manual. Failure to follow the procedures outlined in this manual may lead to disciplinary action in accordance with the provisions of the Village of Mount Prospect Employee Personnel Manual.

CHAPTER 2 - PURCHASING POLICIES

A. Purchasing Code of Ethics

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

1. Ensure that public money is spent efficiently and effectively and in accordance with statutes, regulations, and Village policies.
2. Procure the item needed by the Village that when placed in use will represent the maximum benefit and most economical cost for each dollar spent over the use or service life of the item.
3. Consider cooperative purchasing with other local governments and/or with the state of Illinois.
4. Not accept gifts or favors from current or potential suppliers, which might compromise the integrity of their purchasing function.
5. Specify generic descriptions of goods wherever possible in lieu of brand names when compiling specifications.
6. Not split purchase orders for identical or related goods or services to be received from the same vendor in order to circumvent established policy.
7. Purchase without favor or prejudice.
8. Ensure that all potential suppliers are provided with adequate and identical information upon which to base their offer or quotation and that any subsequent information is made available to all bidders.
9. Establish and maintain procedures to ensure that fair and equal consideration is given to each offer or quotation received.
10. Offer a prompt and courteous response to all inquiries from potential or existing suppliers.

It shall be the responsibility of the Village Manager to determine if a violation of this Code of Ethics has occurred and if disciplinary action is necessary in accordance with the Village's Employee Personnel Manual.

B. Conflict of Interest Policy

Except as may be disclosed to and permitted by the Village Board, it shall be a breach of ethical standards for any employee to participate directly or indirectly in the purchasing process when the employee knows that:

1. The employee is contemporaneously employed by a bidder, vendor, or contractor involved in the procurement transaction; or
2. The employee, the employee's partner, or any member of the employee's immediate family holds a position with a bidder, offeror or contractor such as an officer, director, trustee, partner or the like, or is employed in a capacity involving personal and substantial participation in the procurement transaction, or owns or controls an interest in the company; or
3. The employee, the employee's partner, or any member of the employee's immediate family has a financial interest arising from the procurement transaction; or
4. The employee, the employee's partner, or any member of the employee's immediate family is negotiating, or has an arrangement concerning, prospective employment with a bidder, vendor, or contractor.

The employee's immediate family shall be defined as a spouse, children, parents, brothers and sisters, and any other person living in the same household as the employee.

It shall be the responsibility of the Village Manager to determine if a violation of this Conflict of Interest policy has occurred and if disciplinary action is necessary in accordance with the Village's Employee Personnel Manual.

C. Gifts and Gratuities - Village Guidelines for Accepting

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 of ethics and to shield the employee, the Village, and the vendor from any suggestion or appearance of conflict of interest.

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 officially connected with the Village. Employees shall strive to follow the following guidelines:

1. Tangible gifts or gratuities shall not be accepted where their value suggests something more than merely a social gesture. Such gifts should be returned with a statement of Village policy. Promotional or advertising items of nominal value such as key chains, pens, coffee mugs, calendars and holiday candy are acceptable. Gifts that are capable of being shared, such as a box of chocolates, shall be shared within the office or section where the recipient works.

2. Association with vendor representatives at business meals or business organization meetings is occasionally necessary and is neither questionable nor unethical, provided the individual keeps himself/herself free of obligation.
3. Personal loans of money or equipment are not to be accepted from a vendor or an individual associated with a vendor doing business with the Village.
4. Solicitation of vendors for merchandise or certificates to serve as door prizes or favors is normally prohibited. However, exceptions may be approved by the Village Manager.
5. Corporate discounts granted to Village employees are acceptable only if they are offered to all Village employees and other corporate clients of the vendor.

If in any doubt about the propriety of accepting a gift, the matter should be referred to the department head who will then, if necessary, discuss the matter with the Village Manager or his/her designee.

In regards to gifts and gratuities, it is essential that all Village officials and staff conduct themselves according to the State of Illinois Gift Ban Act, Chapter 5 ILCS Section 425 of the Illinois Compiled Statutes.

D. Approval of Village Purchases

No employee shall purchase goods or services on behalf of the Village without first seeking approval as required by this policy. All purchases shall require advance approval of the appropriate individuals in accordance with the guidelines set forth below:

<u>Dollar Limits</u>	<u>Required Approvals</u>
Under \$2,000.00	Department Head
\$2,000.00 - \$20,000.00	Department Head plus Director of Finance
\$20,001.00 - \$50,000.00	Department Head plus Director of Finance plus Village Manager
\$50,001 and above	Department Head plus Director of Finance plus Village Manager and Village Board

Approval for purchases shall occur before the purchase is made, except in cases where the purchase is deemed to be an emergency. In emergency purchases, the required approvals are to be obtained as soon as reasonably possible. Any person responsible for approving purchases may delegate their approval authority to a designee in the event they are unable to approve purchases.

E. Competitive Bidding and Quotation Policy

Whenever possible, all purchases are to be based upon competitive bids or quotes in order to obtain the highest quality service, commodity or material at the lowest possible price. The following guidelines are to be followed in determining how many bids or quotes are required:

<u>Purchase Amount</u>	<u>Bidding and Quotation Requirement</u>
Under \$1,000.00	At least two competitive quotes recommended, but not required.
\$1,000.00 - \$4,000.00	Two quote minimum, three quotes preferred. Verbal quotes are acceptable.
\$4,001.00 – \$50,000	Two quote minimum, three quotes preferred. Quotes must be written.
\$50,000.00 and above	Formal, advertised bidding process required. Village Board approval required.

Requisitions submitted without the required quotes or a satisfactory explanation as to why quotes were not obtained (e.g. sole source, emergency, standardized vendor etc.) will be returned to the originator without approval.

The splitting of a purchase into two or more purchase requisitions for the purpose of avoiding competitive quotes or the bidding process is an express violation of this policy. The unlawful stringing of bids for the purpose of evading the bidding requirements is a violation of state statute (720 ILCS 5/33E-18), and is a Class 4 felony.

Items purchased more than once during a fiscal year (e.g. forms, copier supplies, etc.) do not need quotes every time a purchase is made. However, competitive quotes for these items shall be sought at least once each year to ensure that vendors are competitive.

F. Waiver of Competitive Bidding

The Village Board, by a two-thirds vote of all the Trustees then holding office, may waive the bidding procedures and enter into a contract or agreement. Requests for bid waivers shall be made only when goods or services are proprietary (i.e. sole source), where standardization is necessary or desirable (e.g. furniture), in emergencies as defined in this manual, or when it is in the best interests of the Village to do so. In any instance, a statement justifying the need for a bid waiver shall be included in the department's recommendation.

G. Emergency Purchases Policy

Emergencies are defined as events that could not have been foreseen where immediate action is necessary to safeguard the public's health and safety, and prevent excessive delays in work, contracts, and/or transportation. In the event of an emergency, a department head or his/her designee may authorize a vendor to perform work necessary to resolve such emergency without formal bid solicitation. If the emergency and the need for immediate action result in an expenditure of \$50,001 or more, documentation shall be presented to the Village Manager prior to such authorization.

Emergency purchases of \$50,001 or more shall be presented to the Village Board for approval in a reasonable period of time following resolution of the crisis.

Within one business day of procuring the emergency purchase, the department head shall ensure that a purchase order is generated for the item. The purchase order description should clearly indicate that this is a “confirming order”.

H. Sole Source Purchases

Contracts for parts, supplies, or equipment that are available only from a single source are referred to as sole source purchases. Sole source procurements may arise from the following circumstances:

1. Equipment for which there is no comparable competitive product or is available only from one supplier.
2. Public utility services from natural or regulated monopolies.
3. A component or replacement part for which there is no commercially available substitute, and which can be obtained only from the manufacturer.
4. An item where compatibility is the overriding consideration, such as computer software.
5. A used item that becomes immediately available and is subject to prior sale.

These items shall not be subject to the requirement of seeking competitive quotes or bids. However, sole source purchases of \$50,001 or more shall be presented to the Village Board prior to acquisition with a request to waive bids, approve the purchase, and enter into a formal contract.

I. Competitive Bidding Exemption

When, in the ordinary course of Village business, no single purchase of, or individual contract for specific types of supplies, materials, or services exceeds \$50,001, but the total dollar value of all purchases and/or contracts for said specific types of supplies, materials, or services during the Village’s fiscal year does exceed said amount, said purchases may not be subject to the competitive bidding requirement and may not require the Village Board to waive the competitive bidding requirement. At his/her discretion, the Village Manager shall determine whether these purchases require Village Board approval of a waiver of bids. Where a bid waiver is determined to not be necessary, said purchases shall still be subject to the requirements of Chapter 2, Section E of this manual concerning quote solicitation for purchases under \$50,001.

It is not the intent of this subsection to encourage the circumvention of the bidding requirements and, to the extent practicable, Village staff is encouraged to rely upon the competitive bidding process. Rather, the competitive bidding exemption provided by this section is intended to recognize and address those situations in which a competitive bidding requirement is not necessarily practicable, and can be eliminated without jeopardizing the Village’s ability to obtain a low and competitive price from a qualified responsible contractor/vendor.

J. Joint Purchasing

State of Illinois

The State of Illinois Joint Purchasing Program was established by State Statute (30 ILCS 525/2). The program is administered by the Procurement Services Division of the Illinois Department of Central Management Services.

Appropriate Village employees are authorized to obtain goods and services using the State of Illinois Joint Purchasing program. When available through the State program, it is not necessary for Village employees to obtain quotes or to competitively bid the goods or services that are sought. Employees shall be responsible, however, for ensuring that the goods or services are of a quality sufficient to meet the Village's needs and that pricing is competitive.

When making purchases using the State's assigned vendor, purchase orders are submitted to the vendor directly and shall include the State of Illinois contract number and the Village's assigned Joint Purchasing member I.D. number (L 3720-00) on the purchase order.

Purchases through a Joint Purchasing Program in an amount of \$50,001 or more still require Village Board approval as set forth in Section D.

Other Units of Government

Employees are permitted to purchase items jointly with other units of government or with the Northwest Municipal Conference when the price of the goods or services sought is competitive and the quality meets the Village's standards. Prior to initiating the transaction, employees shall seek the appropriate approvals as set forth in Section D of this purchasing policy.

K. Local Vendor Preference

The Village of Mount Prospect will strive to give vendors located within the Village's boundaries an opportunity to submit quotes or bids for services, commodities, or equipment if they are competitive in price and quality. The Village will not, however, pay a higher price to a vendor located in Mount Prospect for a comparable product or service offered by a vendor located outside the Village's corporate boundaries at a lower price.

L. Adherence to Budget

Village employees and officials shall not purchase goods or services unless there are adequate funds budgeted within the currently approved budget. The level of budgetary control is established at the department level within each fund. Department heads shall not expend funds in excess of the amounts budgeted for their department within each operating or capital fund. If under extraordinary circumstances the department head finds it necessary to exceed the budget established for his or her department, a memorandum shall be sent to the Director of Finance requesting a budget amendment. The Director of Finance shall obtain Village Manager approval prior to requesting the Village Board amend the current budget.

In the event that circumstances require a department head to exceed a specific line-item budget by an amount in excess of 10%, he or she shall request a line-item budget transfer using the appropriate budget transfer form (Exhibit 1). The budget transfer form shall be forwarded to the Director of Finance for approval.

Department heads shall not charge purchases to improper expenditure accounts in order to stay within the approved budget.

M. Village Issued Credit Cards

To reduce the number of manual checks prepared for purchase of commodities and supplies and to facilitate the acquisition of goods through a membership only purchasing club, management feels it is in the best interest of the Village to utilize credit cards. Use of the credit card is limited to purchases made through Costco Wholesale. The number of authorized card holders is limited to select personnel in the various Village Departments. All purchases made using cards must be made in accordance with existing purchasing policies and guidelines of the Village.

Each cardholder will be required to review the *General Responsibilities and Guidelines for Purchasing* specifically in place for card use (exhibit 10) and sign off on the *Costco Credit Card Acknowledgement Form* (exhibit 11) before a credit card is released.

CHAPTER 3 - MISCELLANEOUS PURCHASING POLICIES & GUIDELINES

A. Disposal of Village Property

Property owned by the Village may be sold or otherwise disposed of when such personal property is no longer necessary or useful to the Village. Village property of value may not be sold or traded without prior approval of the Village Board. The Director of Finance may authorize the disposal of Village property if the value of such property does not exceed \$100. All proceeds from the sale or trade-in of Village owned property is to be forwarded to the Director of Finance for deposit into Village accounts.

B. Purchases Near the End of the Fiscal Year

When purchases are made near the end of the fiscal year (i.e. December 31), departments shall be responsible for ensuring that they are expensed (i.e. charged) against the fiscal year in which the goods or services were received. The date goods are received or services are performed determines which fiscal year they are expensed against. This is true regardless of when the purchase requisition is processed or the purchase order is issued.

C. Use of Sales Tax Exemption Number

1. Use by Employees

Village purchases are not subject to sales tax, therefore, employees shall make efforts to inform vendors of the Village's tax-exempt status and to ensure that sales tax is not paid for purchases made with petty cash or credit cards. Employees shall provide vendors who request them with a sales tax exemption form signed by the Director of Finance (Exhibit2a). Sales tax exemption letters may be obtained from the Accounts Payable Clerk in the Finance Department.

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 and all guilty parties to a fine of not more than \$10,000 or to imprisonment for not more than five years or both, together with costs of prosecutions.

2. Use by Outside Contractors or Vendors

The 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. Contractors are responsible for any tax due on purchases determined to be non-exempt and for purchases not made on the Village's behalf.

Requests by contractors for the Village's sales tax exemption number shall be forwarded to the Director of Finance. In order to obtain the number, the contractor shall be required to complete and submit to the Village a sales tax exemption request letter and a material and estimated

quantities worksheet. After these documents have been received and approved, the Village will provide the contractor with a sales tax exemption certificate.

D. Change Order Policy

Village Manager and Village Board approval is required for all change orders of \$50,001 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$50,001. The following financial policy is consistent with this statute.

It shall be the responsibility of each department head to ensure that all applicable change orders are submitted to the Village Board for approval. In addition, department heads shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

In special circumstances a change order requiring Village Board approval may be authorized by the Village Manager or his/her designee prior to being placed on the Village Board agenda. After receiving authorization, however, the department, following the requirements outlined above, shall place the change order on the Village Board's agenda.

Prior to approving a change order or series of change orders which authorize or necessitate an increase or decrease in either the cost of a public contract by a total of \$50,001 or more or the time of the completion by a total of 30 days or more the employee or official shall first present to the Village Board a determination in writing that (1) the circumstances said to necessitate the change in performance were not reasonably foreseeable at the time the contract was signed, or (2) the change is germane to the original contract as signed, or (3) the change order is in the best interest of the Village. To fail to do so the employee or official commits a Class 4 felony. The written determination and the written change order resulting from that determination shall be preserved in the contract's file which shall be open to the public for inspection.

E. Fixed Asset Policy

A fixed asset policy is herein established to ensure compliance with governmental financial reporting standards and to safeguard Village assets.

Fixed assets shall include land, buildings, machinery, equipment and vehicles with a life expectancy of one year or more. To be included in this definition, the capitalization threshold of the asset or minimum value of the asset at the time of acquisition is established at \$50,000.

General infrastructure such as roads, sidewalks and storm sewers shall be capitalized utilizing a threshold of \$50,000.

Responsibility for control of fixed assets rests with the operating department wherein the asset is located. The Director of Finance shall ensure that such control is being maintained by establishing a fixed asset inventory that is updated on a regular basis and which documents all additions and deletions to the fixed asset inventory. Operating departments shall report the disposal or relocation of a fixed asset promptly to the Director of Finance or his/her designee. Assets acquired during the year shall be recorded as an expenditure against the appropriate capital expenditure account, which shall be used for financial reporting purposes.

Assets shall be recorded in the fixed asset inventory by using an appropriate description and by recording serial numbers where applicable. Tagging of all assets will not be required.

Assets not capitalized under this policy but which, in the opinion of the Director of Finance may, in the aggregate, account for a substantial asset group, shall be inventoried by the appropriate operating department by means or system suitable for maintaining control of the assets.

Departments shall maintain separate detailed fixed asset inventory records for those capital assets falling below the capitalization threshold when the nature of those assets warrants close oversight and control. Examples include firearms, computers, fire hose, and chainsaws.

CHAPTER 4- COMPETITIVE BIDDING AND REQUESTS FOR PROFESSIONAL SERVICE

A. When a Formal Bid Is Required

All purchases of goods or services exceeding \$50,000 shall be subject to the competitive bidding process and shall be let, by free and open competitive bidding after advertisement, to the lowest responsible bidder or any other bidder whom the Village Board deems to be in the best interest of the Village. Sealed bids shall be sought when goods or services are anticipated to cost more than \$50,000.

B. Preparing the Bid Document

1. It is the responsibility of the respective department to prepare the specifications for the item(s) to be bid along with any other documents needed to complete the bid invitation package (Exhibit 3).
2. All bid documents must contain the following information:
 - a. Cover Letter
 - b. Instructions to Bidders (Exhibit 4 or Exhibit 5)
 - c. Notice of Bid
 - d. Bid Proposal Form
 - e. Bid Certification Form
 - f. General Terms, Conditions and Instructions
 - g. Specifications of the item/service
3. The department head shall determine a bid opening date. The bid opening date must be at least ten days and not more than forty-five days after the published notification date.
4. The department head is responsible for placing a legal notice concerning the bid in a local newspaper of general circulation at least ten days prior to the bid opening.
5. The department head shall send bid invitations to all known responsible vendors on the bidders list for the particular item, as well as to any other prospective bidders the department head deems qualified and competitive. Bid documents should not be mailed to bidders before the notice of bid ad is placed in the newspaper. This will help ensure that all prospective bidders have the same amount of time to complete the bid document.
6. The Instructions to Bidders shall specify that all submitted bids are to be sealed and delivered/mailed to the department preparing the bid documents.
7. The Instruction to Bidders shall specify that each submitted bid is to include a certification by the prime contractor that the prime contractor is not barred from contracting with any unit of State or local government as a result of a violation of either the State's bid-rigging law (720 ILCS 5/33E-3) or the bid rotating law (720 ILCS 5/33E-4)
8. The department head shall determine if a pre-bidders conference meeting is to be held to explain to all potential bidders the purchase or project, the bidding requirements, and any other information the potential bidders might need to submit a qualified bid. Ideally, the notification of the pre-bidders conference will be included with the bid invitation package. This notification should indicate the date, time and location of the conference and who from the Village will be in attendance. The conference should be held early in the bidding

process, leaving vendors ample time to submit their bid. A sign-in sheet should be available at the pre-bidders conference for all attending vendors to sign.

9. Departments shall not provide any one or more potential bidders with material information relative to the purchase or project without providing the same information to all vendors that requested bid documents. Any Village employee or official who knowingly conveys, directly or indirectly, outside of the publicly available invitation to bid, pre-bid conference, or solicitation for contracts procedure, to any person any information concerning the specifications for such contract or the identity of any particular potential subcontractor, when inclusion of such information in the bid would influence the likelihood of acceptance of such bid or offer, commits a Class 4 felony. It is not a violation of law to convey information intended to clarify plans or specifications regarding a public contract where such disclosure of information is also made generally available to the public and those companies that requested a bid document package.
10. An employee or official who, either directly or indirectly, knowingly informs a bidder or offeror that the bid or offer will be accepted or executed only if specified individuals are included as subcontractors commits a Class 3 felony.
11. Any employee or official who knowingly awards a contract based on criteria which were not publicly disseminated via the invitation to bid, the pre-bid conference, or any solicitation for contracts procedure, commits a Class 3 felony.

C. Additional Requirements for the Bid Document

1. A bid bond, cashier's check, certified check, or other approved security in an amount equal to 10% of the bid should be required to be submitted at the time bids are due to guarantee the successful bidder will sign a contract when the Village deems it necessary.
2. When preparing the bid document, departments should consider whether to require contractors to provide a performance bond if awarded the contract. In instances where the bid is for construction services or significant building improvements, it is customary to require the contractor to provide a performance bond. A performance bond, issued by a surety company, stipulates a legal, written obligation to guarantee 100% payment for any financial loss caused by default of the contractor. When assigned to the Village of Mount Prospect, it grants an assurance as to the performance and successful completion of the terms of the contract and assures payment of the taxes, licenses, or assessments associated with the contract. The contractor shall provide the performance bond within ten (10) calendar days of award of the bid. Bonds required to guarantee performance shall be in a form acceptable to the Village and shall provide that they shall not terminate on completion of the work, but shall be reduced to ten percent (10%) of the contract sum upon the date of final payment by the Village for a period of one (1) year to cover a warranty and maintenance period which Contractor agrees shall apply to all material and workmanship for one (1) year from the date of issuance of the final payment by the Village.
3. During the term of the contract, the contractor shall provide the Village with a certificate of insurance. The limits of liability shall be specified in the bid document's General Terms and Conditions and shall include comprehensive general liability, auto liability, professional

liability (required only where contracts are for professional services), workers compensation (the policy shall include a 'waiver of subrogation'), and umbrella coverage.

4. The aforementioned insurance requirements shall be fulfilled by the contractor by maintaining insurance policies which name the Village, its officers, agents, employees, representatives and assigns as additional insureds. The contractor shall furnish to the Village satisfactory proof of coverage by a reliable company or companies, before commencing any work. Such proof shall consist of certificates executed by the respective insurance companies and filed with the Village together with executed copies of an "Additional Insured Endorsement" form. Said certificates shall contain a clause to the effect that, for the duration of the contract, the insurance policy shall be canceled, expired or changed so as to the amount of coverage only after written notification 30 days in advance has been given to the Village. In addition, said certificates shall list the Village and its officers, agents and employees as additional insureds on all required insurance policies except the policy for professional liability.

D. Bid Opening Requirements

1. The Village Manager's Office shall receive all sealed bids. Any bids submitted that are not sealed shall not be accepted and shall be returned to the vendor. All bids are to be date and time stamped upon receipt. All eligible bids must be received before the deadline on the day of the bid opening. Sealed bids are not to be opened by the Village prior to the published bid opening date and time; to do so is to commit a Class 4 felony. Any employee who knowingly discloses to any interested person any information related to the terms of a sealed bid commits a Class 3 felony.
2. All formal bid openings are to be conducted by the Village Clerk or his/her designee and at least one other village representative on the scheduled bid opening date and time.
3. A designated department employee shall review the post bid process with those vendors in attendance at the bid opening.
4. Upon opening the bids, a designated department employee shall provide the vendors in attendance at the bid opening the name of each vendor submitting a bid and their submitted price.
5. After the bid opening, the department head shall prepare a bid tabulation and review all bids for compliance with the bid specifications. The department head shall then forward to the Village Manager a memorandum summarizing the bid results and his or her recommendation. This memorandum shall take the form shown in Exhibit 6. The responsible employee shall analyze the bid results and recommend which company should be awarded the bid. The recommendation should be based on the following:
 - a. The lowest responsible bid.
 - b. The ability, capacity, and skill of the bidder to perform the contract to provide the service required.
 - c. Whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference.

- d. The character, integrity, reputation, judgment, experience, and efficiency of the bidder.
 - e. The quality of performance of previous contracts of services.
 - f. The previous and existing compliance by the bidder with laws and ordinance relating to the contract or service.
 - g. The sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service.
 - h. The quality, availability, and adaptability of the supplies or contractual service to the particular use required.
 - i. The ability of the bidder to provide future maintenance and service for the use of the subject of the contract.
 - j. The number and scope of conditions attached to the bid.
 - k. Whether the bidder has a place of business in the Village.
 - l. Responsiveness to the exact requirements of the invitation to bid.
 - m. Ability to work cooperatively with the Village and its administration.
 - n. Past records of the bidder's transactions with the Village or with other entities as evidence of the bidder's responsibility, character, integrity, reputation, judgment, experience, efficiency and cooperativeness.
6. Upon concurrence of the bid recommendation by the Village Manager, the bid award recommendation will be forwarded to the Village Clerk to be placed on the agenda of the next scheduled Village Board meeting.
 7. Following the acceptance of the bid and awarding of a contract by the Village Board, the department head shall notify the successful bidder of the Village Board's approval. The department head shall also notify the unsuccessful bidders of the results.
 8. The department head shall then initiate a purchase order for the purchase.
 9. The department head shall retain the originally submitted bids for a period of not less than ten years.
 10. Within fourteen (14) days following Village Board approval of the contract, the issuing department will contact the successful bidder to have the Village's contract signed and to obtain performance bonds and certificates of insurance when required. The signed contract will be forwarded to the Village Clerk for safekeeping after it is received.
 11. Signed contracts, certificates of insurance and performance bonds must be obtained from the contractor before work begins. It is the responsibility of the applicable department to ensure that the Village's contract has been signed, and certificate of insurance and performance bond obtained before work begins.
 12. The issuing department shall be responsible for handling bid deposits. The bid deposit of the accepted bidder is to be returned only after acceptance by the Village of a satisfactory performance bond where such bond is required or completion of contract where no performance bond is required. The remaining bid deposits of each contractor should be returned after the Village Board has awarded the contract.

E. Bid Lists

Each department shall be responsible for maintaining a current list of bidders and for determining prospective bidder's qualifications for goods and services they might require. Requests to be placed on the bid list received by the Finance Department shall be forwarded to the appropriate individuals or departments for consideration. When developing the list of bidders, all relevant vendors within the Village of Mount Prospect will be given every opportunity to compete for the Village's business.

F. Requests for Professional Services

Some contracts, by their nature, are not adapted to award by competitive bidding. These contracts generally result from a request for proposal (RFP). A request for proposal is utilized when professional services are being sought such as engineering, legal, audit, or consulting services.

Essentially, all of the procedures that apply to sealed bids also apply to the request for proposal. The specifications, however, are written around performance standards rather than a description of a good. Whereas the bidding process begins with the issuance of a bid invitation package for the sealed bid process, the request for proposal is issued for professional services.

The originating department should follow all of the procedures listed on pages 12 – 18 of this policy document when professional services are being bid. A pre-proposal conference may be substituted in the place of the pre-bidders conference and follows the same guidelines as explained on page 13.

When seeking approval from the Village Board, a guideline should be submitted to the Board indicating the criteria used to qualify the prospective professionals. The criteria used can be past projects of comparable size, number of years in the profession, number of qualified and/or licensed staff on the project team, references of past clients, and Village staff site visits.

G. Contracts

After the bidding process is completed and the Village Board approves the purchase of the goods or services, which were bid, the originating department issues a purchase order and/or a contract to be executed by the successful bidder. A contract is a legal obligation of the Village and must be on terms acceptable to the Village Board. In order to make certain the contract provisions as set by Village staff and the vendor are in the best interests of the Village and are legally accurate, the department head should provide a copy of all proposed contracts to the Village Attorney for review. After review by the Village Attorney, the contract is forwarded to the Village Manager for his signature or the signature of the Mayor.

The originally signed contract is routed to the Village Clerk for filing. The Village Clerk's office retains all original contracts for the Village of Mount Prospect. If the vendor requires an originally signed contract as well, two documents should be executed. The originating department should retain a copy of the contract for future reference.

A. Bill List Approval by the Village Board

The final step in the purchasing process involves the payment of invoices for goods or services received and accepted. The Village Board generally meets on the first and third Tuesdays of each month. It is at these meetings that the bill lists are approved. The Finance Department is responsible for generating a report listing all bills to be paid. If the Village Board approves the bill list, the payments are mailed or are ready for pick-up the Wednesday following the Village Board meeting.

To insure a check is cut for any given bill list (the 1st and 3rd Tuesday of each month), the request must generally be submitted to the Accounts Payable Clerk no later than the Friday falling eleven (11) days prior to the board meeting date.

B. Regular Purchase Orders

Generally, all purchases shall require the issuance of a regular purchase order (Exhibit7) to the vendor before an order for goods or services is filled. The exceptions are purchases processed with a blanket purchase order (see description below) and purchases totaling \$500 or less. No employee shall have the authority to purchase items on the Village's behalf without first submitting a purchase order request and obtaining the required approvals from supervisory staff or the Village Board where applicable.

C. Changes To Existing Purchase Orders

After a purchase order is issued to the vendor it may become necessary to make changes to the quantity, price, shipping cost, account number, etc. When this occurs, the department submits an amended purchase order request through the purchasing software module.

Change orders where the original contract was for \$50,001 or more, or where the change order increases the total cost to \$50,001 or more, require Village Manager and Board approval.

D. Blanket Purchase Orders

Blanket Purchase Orders are intended to give employees flexibility when purchasing items for less than \$1,000. Orders exceeding \$1,000 shall be processed using a regular purchase order.

In instances where a blanket purchase order has been issued to a vendor, it is not necessary to process a separate purchase order in advance of obtaining the goods or services. The receipt and/or packing slip shall be sent to the Accounts Payable Clerk. When the invoice is received, they are attached and sent to the designated department for approval.

The following is a partial list of the commodities and services that can be purchased through a blanket purchase order arrangement:

- a. auto and truck parts
- b. batteries (automotive, truck, flashlight and barricade)
- c. bituminous surface materials, cold patch, seal coating
- d. chlorine and phosphate
- e. forestry and agriculture supplies
- f. gasoline and diesel fuel
- g. hardware items
- h. landscaping materials
- i. lubricants
- j. lumber
- k. office supplies
- l. painting supplies
- m. sod and top soil
- n. tires, tubes and front end alignments
- o. trees
- p. uniforms
- q. welding gases

E. Payment Directly from Invoices

There are some bills that can be paid directly from invoices received without the issuance of a purchase order. Generally, these are for on-going expenditures where little or no choice of vendors exists. Examples include utility bills, newspaper subscription renewals, insurance payments, debt service payments, and renewal dues for professional organizations. In this case, the Accounts Payable Clerk scans the invoice into Laserfische and it is placed in the electronic department folder for invoice processing and approval.

F. Prepayments

With the exception of the items listed below, the Village will not pay for goods and services until the goods are received or the service is rendered.

1. Deposits on contracts approved by the Village Board.
2. Memberships and books or periodicals.
3. Payments to local, State, and Federal government entities.
4. Service and maintenance contracts where necessary.
5. Small orders (under \$500.00) where the department head approves prepayment.
6. Prepayments approved by the Director of Finance or Village Manager.

G. Manual Checks

Manual checks are interim checks issued between normal accounts payable cycles when an emergency or other extenuating circumstance as determined by the Director of Finance makes it impractical or unreasonable to wait until Village Board approval. Since the issuance of manual checks circumvent Village Board approval and are labor intensive and time consuming to issue, this method of payment shall be restricted to unique or special circumstances.

All requests for manual checks must be approved by the Finance Accounting Division management staff. The Department enters the invoice into the Logos.Net software in a separate batch. The requestor sends the invoice to the accounts payable clerk for scanning into Laserfische. The invoice is processed with proper approvals and the manual check payment batch is processed. .

The Department of Finance will not issue manual checks in instances where reasonable means could have been taken to process the payment following normal payment methods.

H. Petty Cash

This policy sets forth procedures for the handling of petty cash monies at the Village Hall, Police, Public Works, and Fire Departments. It further establishes the procedures for reporting petty cash disbursements by department to the Department of Finance as well as reimbursements to each petty cash box.

Petty cash boxes are located in the Village Manager's Office, the Finance Department, Human Services, Police Department, Public Works Building, and Fire Department. Each department head is responsible for designating an individual accountable for petty cash in their possession. They are responsible for seeing that the total value of receipts and cash on hand equal the amount of petty cash established. The Petty Cash box is subject to audit (Section 2f) and the department heads will be accountable for any non-compliance with these procedures and any shortage of funds.

The following policy and procedural guidelines have been established to promote a more efficient and accountable petty cash operation. All departments within the Village are responsible for abiding by this policy.

1. Petty Cash Disbursements to Employees

- a. Requests for petty cash may be made to the representative responsible for administering the petty cash in each department.
- b. There is a \$50 limit per petty cash request per day. Any amount above \$50 must be reimbursed via a check request submittal through the accounts payable process. Reimbursable expenses under \$50 incurred by an employee for training expenses, etc. should be reimbursed from petty cash rather than through the accounts payable process.
- c. No one is allowed to take money from petty cash without a petty cash request form (Exhibit 9) signed by the appropriate supervisor. The employee who will receive the money must also sign the petty cash request form.
 - If a petty cash request form is submitted without a receipt (e.g. money is requested before a receipt has been obtained), the person disbursing the money will mark the receipt form for the amount given out. When the employee brings back a receipt after the money is spent, along with the change (if applicable), the proper dollar amount is recorded. The receipt will then be attached to the petty cash request form and placed in the petty cash box.
 - If a receipt is submitted with the petty cash request form, the employee is reimbursed and no further action by the employee is needed. At this time, the petty cash request form is put in the petty cash box.
 - All receipts **must** be original. If desired, copies may be made and kept by the employee, but the original is given to the respective person responsible for petty cash in each department.
 - If for some reason the employee did not obtain a receipt for submittal with the petty cash request form, supervisory approval **must** be noted on the petty cash receipt form.
- d. All petty cash request forms must contain the following information:
 - Date
 - Detailed description of the expenditure
 - Name of person(s) to receive money
 - Name of person authorizing receipt of money (must be a supervisory employee specifically designated by the department)
 - Account number to which the expenditure will be charged and receipt

2. Reimbursing Each Petty Cash Box

- a. The persons responsible for the various petty cash boxes not only disburse petty cash to various employees, they must reconcile the petty cash box and request petty cash reimbursements as needed.
- b. The amount of petty cash allotted to each department will be determined by the Director of Finance based upon average petty cash disbursements.
- c. Departments shall submit petty cash reimbursement requests on an as needed basis to the Finance Department. However, reimbursement requests should generally not exceed two per month.

The petty cash reimbursement request shall contain the following information:

- Detailed list of account numbers
 - Total amount of charges for each account number
 - All original petty cash request forms and corresponding receipts
 - A completed and signed check request form
- d. Once the petty cash reimbursement request is reviewed and processed, the Deputy Finance Director will cash the check at the bank and the money is forwarded to the respective department representative to reimburse their petty cash box.
 - e. The envelope with the petty cash request forms and receipts is then attached to the file copy of the check that was cut for reimbursement and is stored with the accounts payable files in the Finance Department.
 - f. Petty Cash will be subject to periodic announced and unannounced audits to determine compliance with these procedures. Any discrepancies with compliance or cash balance shall be immediately reported to the Director of Finance.

I. Credit Card Payments

The Village has provided certain Village employees with a corporate credit card for use in making purchases. Each individual is responsible for the security of the card and should not permit its use for means other than those permitted by this policy. Credit card use shall be limited to the purchase of items listed in the *Guidelines for Use* attached as Exhibit 10. Credit cards shall not be used to circumvent the normal payment process.

As with all purchases made on the Village's behalf, goods purchased with a credit card are exempt from sales tax. Therefore, employees shall provide the vendor with a sales tax exemption form in order to avoid being charged sales tax.

When credit card invoices are received, they should be processed as soon as possible to avoid late fees and finance charges. Receipts for goods or services purchased with a credit card shall be obtained and submitted to accounts payable when requesting payment. If a receipt is not

issued, a packing slip may be provided to accounts payable. Payment will not be made unless receipts (or an explanation as to why receipts are not available) are included with the credit card statement.

The Finance Department shall maintain a list of the credit cards issued to each employee and shall request that they be returned prior to termination of employment. Returned cards shall be forwarded to the Director of Finance or his/her designee and shall be canceled.

J. Payments Directly from Invoice

Purchase orders are the preferred method of payment for most Village transactions. However, when purchase orders are not utilized, invoices or receipts are scanned into Laserfische for processing.

K. Prompt Payment Act

The Illinois Prompt Payment Act (50 ILCS 505) provides that the appropriate local government official receiving goods or services must approve or disapprove a bill from a vendor or contractor for goods or services furnished the Village within thirty (30) days after the receipt of such bill or within thirty (30) days after the date on which the goods or services were received, whichever is later. Written notice is to be mailed to the vendor or contractor immediately if a bill is disapproved.

Any bill approved for payment is to be paid within thirty (30) days after the date of approval. If payment is not made within such 30 day period, the vendor may invoice the Village for an interest penalty of 1% of any amount approved and unpaid for each month or fraction thereof after the expiration of such 30 day period, until final payment is made.

If the local government official whose approval is required for any bill fails to approve or disapprove that bill within the thirty day period provided for above, the vendor may invoice the Village for an interest penalty of 1% of the outstanding bill computed from the date sixty (60) days after the receipt of that bill or the date sixty (60) days after the goods or services are received, whichever is later. Department heads are charged with the responsibility of ensuring compliance with the approval requirement.

CHAPTER 6 – GLOSSARY OF TERMS

A. Glossary of Terms

1. Addenda are written or graphic instruments issued prior to the time of bid opening, which modify or interpret the Bid Documents by additions, deletions, clarifications, or corrections.
2. Alternate Bid is a bid that deviates from set specification and offers or proposes another way of accomplishing the same.
3. Approval means the process of Village authorization of an action prior to its execution.
4. An Award is the acceptance of a bid proposal, which results in the presentation of a purchase agreement or contract to a bidder.
5. A Bid is a complete and properly signed proposal to provide the commodities or services or designated portion thereof for the sums stated therein, submitted in accordance with the Bid Documents.
6. A Bid Bond is an insurance agreement in which a third party agrees to be liable to pay the Village a certain amount of money in the event the Bidder awarded the Contract does not execute the Contract Documents, or furnish any required Performance Bond. The Bond is given to the Village at the time of Bid submittal.
7. A Bid Deposit is a sum of money or guaranteed check deposited with and at the request of the Village guarantee that a Bidder (depositor) awarded the Contract will execute the Contract, furnish any required Performance Bond, and proceed with performance. The Bid Deposit is given to the Village at the time of Bid submittal and released when Performance Bond is received.
8. A Bidder is an individual, firm, or corporate entity submitting a bid (proposal).
9. Bid Documents include the advertisement or invitation to bid, instructions to bidders, the bid form, other sample bidding and contract forms, and the proposed Contract Documents including all Addenda issued prior to receipt of bids.
10. A Capital Project is a facility construction or modification project or a road and bridge project approved by the Village Board as part of the Capital Improvement Program.
11. A Change Order is a written change to the Contract signed by the contractor, the Village and, where applicable, the consultant; issued after execution of the Contract, authorizing a change in the work or an adjustment in the contract sum or the contract time.

12. Commodity is an article of trade, a movable article of value, something that is bought or sold, or any movable or tangible thing that is produced or used as the subject of barter or sale. Goods, materials, supplies, and equipment are commodities.
13. A Contract to be valid and enforceable must contain four basic elements: 1) agreement (meeting of the minds) resulting from an offer and acceptance. (2) consideration, or obligation; (3) competent parties; and (4) a lawful purpose.
14. The Contract Documents consist of the owner-contractor agreement, the conditions of the Contract (general, supplementary, and other conditions), any drawings, the specifications, and all addenda issued.
15. An Emergency Purchase is a purchase of commodities or services necessitated by breakage, damage, or decay, or when the public interest would suffer by delay, which is made without following the normal purchasing procedure.
16. The Evaluation of a Bid is the process of examining a bid after opening to determine the bidder's price(s), responsibility, responsiveness to requirements, and other characteristics of the bid.
17. A Formal Bid is a bid, which must be forwarded in a sealed envelope and in conformance with a prescribed format, to be opened at a specified time.
18. Free on Board this is a shipping term that defines three things.
 1. The point at which the buyer takes legal title to the goods.
 2. Who is responsible for payment of freight charges.
 3. Who is responsible for prosecuting claims against carriers for loss or damage.

The term F.O.B. must be qualified by a name of location, such as shipping point, destination, name of city, warehouse, etc. The slated F.O.B. point is usually the location where title to the goods passes from seller to buyer. The seller is liable for transportation charges and the risks of loss or damage to the goods up to the point where title passes to the buyer. The buyer is liable for such charges and risks after passing of title.

19. An Informal Bid is an unsealed competitive offer conveyed by letter, telephone, fax, or other means.
20. An Invitation for Bids is a request, verbal or written, which is made to prospective suppliers requesting the submission of a bid on commodities or services.

21. The Lowest Responsible Bidder is the bidder whose bid is in compliance with the specifications in all material respects and whose bid in unit price, total cost of operation or value per dollar is lower than any of the other bidders, and whose reputation, past performance, and business and financial capabilities are such that they are judged by the appropriate authority to be capable of satisfying the Village's needs for the specific contract.
22. A Performance Bond is a form of security executed subsequent to award by a successful Bidder that guarantees the proper execution of the Contract and the payment of debts to persons furnishing services or materials on account of the Contract work. The bond is provided by the Contractor prior to Contract execution.
23. Personal Services are services provided by an individual, firm or corporate entity where no Village job classification exists for the work which is to be performed or where the Human Resources Department has determined that another type of appointment is not practical.
24. Prequalification of Bidders is the screening of potential vendors in which the Village considers such factors as financial capability, reputation, and management in order to develop a list of Responsible Bidders qualified to bid on contracts.
25. A Price Agreement is a contractual agreement in which the Village contracts with a vendor to provide the purchaser's requirements at a predetermined price. Usually it involves a minimum number of units, orders placed directly with the vendor by the Village, and a limited duration of the contract (usually one year).
26. Professional Services are those services which require specialized training and knowledge and intellectual skills such as architectural, engineering, medical, accounting, auditing, legal, real estate, consulting, and counseling services.
27. Proposal vs. Bid the State Statute requires that competitive "bids" be taken for all matters except professional services. The "bid" may be a proposal, but the process is "bidding". If we choose to waive the statutory "bidding" requirement, then we consider non-competitive or selective quotes or proposals.
28. Proprietary Items are items belonging to or controlled as property manufactured and sold only by the owner of the patent, formula, brand name, or trademark associated with the product.
29. A Responsible Bidder is a bidder whose reputation, past performance and business and financial capabilities are such that the bidder is judged by the appropriate Responsible Official to be capable of satisfying the government's needs for a specific contract and who is not debarred by the Village.
30. A Responsive Bidder is a bidder whose bid does not materially vary from the specifications and terms set out in the Invitation for Bids.

31. Sole (Single) Source - When only one supplier is able to provide the product, material, or service required by the Village. This is usually because of technology or uniqueness of product and there is not a comparable product available.
32. Specifications mean any description of the physical, technical, or functional characteristics of a commodity, service, or construction item. It may include a description of any requirement such as inspecting, testing or preparing a commodity, service or construction item for delivery. It may also include provisions which govern various aspects of the relation of parties under the Contract.
33. A Sub-bidder is a person or entity that submits a Bid to a Bidder for materials or labor for a portion of the work.
34. A Unit Price is an amount stated in the Bid as a price per unit of measurement for materials or services as described in the Bid Documents or in the proposed Contract Documents.

CHAPTER 7 – EXHIBITS

- A. Exhibit 1 – Budget Transfer Request Form
- B. Exhibit 2 – Sales Tax Exemption Letter
- C. Exhibit 3 – Bid Invitation Package
- D. Exhibit 4 – Instructions to Bidders – Equipment and Products
- E. Exhibit 5 – Instructions to Bidders – Services and Projects
- F. Exhibit 6 – Sample Bid Recommendation Memo
- G. Exhibit 7 – Purchase Order
- H. Exhibit 9 – Petty Cash Request Form
- I. Exhibit 10 – Costco Credit Card: General Responsibilities and Guidelines for Use
- J. Exhibit 11 – Costco Credit Card: Acknowledgement Form

**VILLAGE OF MOUNT PROSPECT
INSTRUCTIONS TO BIDDERS
EQUIPMENT/PRODUCTS**

The general rules and conditions that follow apply to all bids requested and accepted by the Village of Mount Prospect unless otherwise specified. Bidders or their authorized representatives are expected to fully inform themselves as to the conditions, requirements, and specifications before submitting bids. Failure to do so will be at the bidder's own risk. Submitting of a bid is an assumption that vendor has familiarized himself with all conditions and intends to comply with them unless noted otherwise.

1. FORMS

Bid forms are furnished by the Village. All bids must be submitted on the forms provided, complete and intact, properly signed in ink in the proper spaces, and submitted in a sealed envelope. All bids must be delivered to the appropriate Village representative prior to the bid opening date and time to be considered.

Bids must be identified as such on the outside of the sealed envelope. This can be done by label as may be provided by the Village, or by marking the envelope "SEALED BID" and with the following information: company's name, address, item bid, date and time of opening.

2. ALTERNATE MULTIPLE BIDS/SPECIFICATIONS

The specifications describe the equipment/product that the Village feels is necessary to meet the performance requirements of the Village. It is not the desire or the intent to eliminate or exclude any bidder from bidding because of minor deviations, alternates or changes.

Bidders desiring to bid on items which deviate from these specifications, but which they believe are equivalent, are requested to submit alternate bids. However, alternate bids must be clearly indicated as such, and deviations from the applicable specifications should be plainly noted. The bid must be accompanied by complete specifications for the items offered. Any questions regarding the specifications, drawings, etc., shall be referred to that individual so referenced in the Specifications section of the Bid Document. Vendors wishing to submit a secondary bid must submit it as an alternate bid. There is to be only one bid per envelope.

The Village shall be the sole and final judge unequivocally as to whether any substitute is of equivalent or better quality. This decision is final and will not be subject to recourse by any person, firm or corporation.

3. RECEIVING OF BIDS

Bids received prior to the time of opening will be securely kept, unopened. The Department Director or his/her designee, whose duty it is to open the bids, will decide when the specified time has arrived, and no bid received thereafter will be considered. No responsibility will be attached to the Village or its representatives for the premature or non-opening of a bid not properly addressed and identified, except as otherwise provided by law.

4. LATE BIDS

Bids arriving after the specified time, whether sent by mail, courier, or in person, will not be accepted. These bids will either be refused or returned unopened. It is the bidder's responsibility for timely delivery regardless of the method used. Mailed bids which are delivered after the specified hour will not be accepted regardless of post marked time on the envelope.

5. BIDS BY FAX

Bids must be submitted on the original forms provided by the Village completely intact as issued. Facsimile machine transmitted bids will not be accepted, nor will the Village transmit bid documents to prospective bidders by way of a facsimile machine.

6. ERROR IN BIDS

When an error is made in extending total prices, the unit bid price will govern. Otherwise, the bidder is not relieved from errors in bid preparation. Erasures in bids must be explained over signature of bidder.

7. WITHDRAWAL OF BIDS

A written request for the withdrawal of a bid or any part thereof may be granted if the request is received by the Director of the requesting Department prior to the specified time of opening. After the opening, the bidder cannot withdraw or cancel his bid for a period of sixty (60) calendar days, or such longer time as stated in the bid documents.

8. CONSIDERATION OF BID

No bid will be accepted from or contract awarded to any person, firm or corporation that is in arrears or is in default to the Village upon any debt or contract, or that is a defaulter, as surety or otherwise, upon any obligation to the Village or had failed to perform faithfully any previous contract with the Village.

The bidder, if requested, shall present, within 48 hours, evidence satisfactory to the Village of performance ability and possession of necessary facilities, pecuniary resources and adequate insurance to comply with the terms of these specifications and contract document.

9. PRICES

Unit prices shall be shown for each unit on which there is a bid, and shall include all packing, crating, freight, and shipping charges, and cost of unloading at the destination unless otherwise stated in the bid.

Unit prices shall not include any local, state or federal taxes. The Village is exempt, by law, from paying state and village retailer's occupation tax, service occupation tax, and federal excise tax. The Village will supply the successful bidder with its tax exemption number.

Cash discounts will not be considered in determining overall price, but may be used in an overall evaluation.

10. AWARD OR REJECTION

The Village reserves the right to reject and/or award any and all bids or parts thereof and to waive formalities and technicalities according to the best interests of the Village. Any bid submitted will be binding for sixty (60) days subsequent to the date of the bid opening.

Bidders shall make all investigations necessary to thoroughly inform themselves regarding the equipment or supplies to be furnished in accordance with the bid. No plea of ignorance by the bidder of conditions that exist or that may hereafter exist as a result of failure or omission on the part of the bidder to make the necessary examinations and investigations will be accepted as a basis for varying the requirements of the Village of the compensation to the bidder. Any exceptions not taken by the bidder shall be assumed by the Village to be included.

A contract will be awarded to the lowest responsible bidder complying with the conditions of the contract documents only when it is in the best interest of the Village to accept the bid. The Village shall be the sole judge of compliance with the specifications and reserves the right to accept or reject any and/or all bids or parts thereof.

11. PAYMENT

Payment will be made within thirty (30) days after acceptance of the equipment or supplies and bidder's compliance with all stipulations relating to the bid/contract.

12. REQUIREMENT OF BIDDER

The successful bidder shall, within ten (10) days after notification of the award: a) enter into a contract in writing with the Village covering all matters and things as are set forth in the specifications and his bid; b) carry insurance acceptable to the Village, covering public liability, property damage and workers compensation.

13. COMPLIANCE WITH ALL LAWS

All work under the contract must be executed in accordance with all applicable federal, state and local laws, ordinances, rules and regulations.

14. CONTRACT ALTERATIONS

No amendment of a contract shall be valid unless made in writing and signed by the Village President, Village Manager, or their authorized representative.

15. NOTICES

All notices required by the contract shall be given in writing.

16. NONASSIGNABILITY

The contractor shall not assign the contract, or any part thereof, to any other person, firm or corporation without the previous written consent of the Village. Such assignment shall not relieve the contractor from his obligations or change the terms of the contract.

17. INDEMNITY

The contractor shall indemnify and save harmless the Village, its officers and employees from any and all liability, losses or damages, including attorneys fees and costs of defense, the Village may suffer as a result of claims, demands, suits, actions or proceedings of any kind or nature, including workers' compensation claims, in any way resulting from or arising out of the operations of the contractor under this contract, including operations of subcontractors; and the contractor shall, at his own expense, appear, defend, and pay all fees of attorneys and all costs and other expenses arising therefrom or incurred in connection therewith; and, if any judgements shall be rendered against the Village in any such action, the contractor shall, at his own expense, satisfy and discharge same. The contractor expressly understands and agrees that any performance bond or insurance protection required by the contract, or otherwise provided by the contractor, shall in no way limit the responsibility to indemnify, keep and save harmless and defend the Village as herein provided.

18. EQUAL EMPLOYMENT OPPORTUNITY

The Equal Employment Opportunity Clause, 44 ILL. Adm. Code 750 Appendix A, which is found at the end of this Exhibit, is incorporated by reference into every bid specification and contract. Every contractor and subcontractor shall comply with the provisions of the Equal Employment Opportunity Clause.

19. REQUIRED INSURANCE

In submission of a bid, the bidder is certifying that he has all insurance coverages required by law or would normally be expected for bidder's type of business.

20. BID PERFORMANCE DEPOSIT

When it is required, it will be so stated elsewhere within this bid package along with the amount required. The deposit is to be in the form of a certified check, or a bank cashiers check. All bid performance deposit checks will be retained by the Village until the bid award is made, at which time the checks will be promptly returned to the unsuccessful bidders. The bid performance deposit check of the successful bidder will be retained until the goods have been received or completed/installed and found to be in compliance with the specification or until surety bonding requirements have been satisfied and proof of insurance coverage is provided in accordance with the Special Provisions Section of these specifications.

21. ACCEPTANCE

After the acceptance and award of the bid, and upon receipt of a written purchase order executed by the proper officials of the Village, this instructions to bidders, and all other portions of the bid documents, including the specifications, will constitute part of the legal contract between the Village of Mount Prospect and the successful bidder.

22. DEFAULT

The Village may terminate a contract by written notice of default to the contractor if the contractor:

- a. Fails to make delivery of the product within the time frame specified in the specifications, or
- b. Fails to make progress so as to endanger performance of the contract, or
- c. Fails to provide or maintain in full force and effect, the liability and indemnification coverages or performance bond as is required.

If the Village terminates the contract, the Village may procure equipment or supplies similar to those so terminated, and the contractor shall be liable to the Village for any excess costs for similar equipment or supplies, unless the contractor provides acceptable evidence that failure to perform the contract was due to causes beyond the control and without the fault or negligence of the contractor.

23. SPECIAL CONDITIONS

Wherever special conditions/requirements are written into the Specifications or Special Provisions which are in conflict with conditions stated in these Instructions to Bidders, the conditions stated in the Specifications or Special Provisions/Requirements shall take precedence.

24. PERMITS AND LICENSES

The successful bidder shall obtain, at his own expense, all permits and licenses that may be required to complete the contract (where applicable).

25. GENERAL GUARANTY

Neither the final certificate of payment nor any provision in the contract nor partial or entire use of the equipment/product embraced in this contract by the Village or the Public shall constitute an acceptance of work not done in accordance with the contract, or relieve the contractor of liability in respect to any express warranties or responsibility for failure to comply with the terms of those contract documents.

It is expressly agreed by the parties hereto that in the event any defects or imperfections in the materials or workmanship to be furnished by the contractor herein appear within the period of one year from the date of completion of all the work mentioned herein and acceptance thereof by the Village of Mount Prospect, the contractor will, upon notice from said Village (which notice may be given by letter to said contractor to the business address of the contractor shown in the proposal), repair and make good at his own cost any such defects or imperfections and replace any defective or imperfect materials or workmanship with other materials or workmanship satisfactory to said Village, and furnish all such new materials and labor as may be necessary to do so; and in the event of the failure, refusal or delay of said workmanship or materials said Village may do so or have same done by others, and said contractor and surety or sureties on his bond given for the faithful performance of this contract shall be liable to the Village of Mount Prospect for all damages and expenses occasioned by such failure, refusal or delay.

26. PREVAILING WAGES

All laborers and mechanics employed by contractors and subcontractors on construction work for this project shall be paid wages at rates no less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-5), and shall receive overtime compensation in accordance with and subject to the provisions of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), and the contractors and subcontractors shall comply with all regulations issued pursuant to these Acts and with other applicable federal laws and regulations pertaining to labor standards. The Secretary of Labor has, with respect to the labor standards specified in this Section, the 1950 (5 U.S.C. 133Z-15) and Section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

Not less than the prevailing wage shall be paid for labor on the work to be done as required by law.

27. BIDDERS QUALIFICATIONS

All bidders must submit the following information on or before the time at which the bid is required to be submitted:

- a. The location of the bidder's permanent place of business.
- b. Evidence of ability to provide an efficient and adequate plan for executing the work.
- c. A list of similar projects carried out by the bidder.
- d. A list of projects the bidder presently has under contract.
- e. Any additional evidence tending to show that the bidder is adequately prepared to fulfill the contract.

28. BID CERTIFICATION FORM

All bid submittals must include a signed Bid Certification Form (copy included in Bid Documents) certifying that the bidder is in compliance with Sections 33E-3 and 33E-4 of the Illinois Criminal Code regarding bid rotating and bid-rigging.

Illinois State Law Article 33E-3 and 33E-4 states that it is unlawful to participate in bid-rigging and/or bid rotating. Therefore, all bidders must certify that they are not barred from bidding on the contract as a result of a violation of State Law 33E-3 and/or 33E-4, prohibiting bid-rigging and bid rotation. It is necessary that this be done under oath. Therefore, the form included with the bid submittal sheets must be notarized.

29. DEVIATIONS

Unless denoted "No Substitution", the Village's minimum required specifications may be exceeded. However, vendors must list all specification deviations and provide a description and/or catalog sheet that fully describes that which they propose to furnish, in lieu of that specified. Final bid acceptance shall be based upon that bid deemed most favorable to the interests of the Village after all bids have been examined and canvassed.

750.APPENDIX A Equal Employment Opportunity Clause

EQUAL EMPLOYMENT OPPORTUNITY

In the event of the contractor's non-compliance with the provisions of this Equal Employment Opportunity Clause, the Illinois Human Rights Act or the Rules and Regulations of the Illinois Department of Human Rights ("Department"), the contractor may be declared ineligible for future contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations, and the contract may be cancelled or voided in whole or in part, and such other sanctions or penalties may be imposed or remedies invoked as provided by statute or regulation. During the performance of this contract, the contractor agrees as follows:

- 1) That it will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, citizenship status, age, physical or mental handicap unrelated to ability, military status, or an unfavorable discharge from military service; and further that it will examine all job classifications to determine if minority persons or women are underutilized and will take appropriate affirmative action to rectify any such underutilization.
- 2) That, if it hires additional employees in order to perform this contract or any portion thereof, it will determine the availability (in accordance with the Department's Rules) of minorities and women in the areas from which it may reasonably recruit and it will hire for each job classification for which employees are hired in such a way that minorities and women are not underutilized.
- 3) That, in all solicitations or advertisements for employees placed by it or on its behalf, it will state that all applicants will be afforded equal opportunity without discrimination because of race, color, religion, sex, sexual orientation, marital status, national origin or ancestry, citizenship status, age, physical or mental handicap unrelated to ability, military status, or an unfavorable discharge from military service.
- 4) That it will send to each labor organization or representative of workers with which it has or is bound by a collective bargaining or other agreement or understanding, a notice advising such labor organization or representative of the contractor's obligations under the Illinois Human Rights Act and the Department's Rules. If any such labor organization or representative fails or refuses to cooperate with the contractor in its efforts to comply with such Act and Rules, the contractor will promptly so notify the Department and the contracting agency and will recruit employees from other sources when necessary to fulfill its obligations thereunder.
- 5) That it will submit reports as required by the Department's Rules, furnish all relevant information as may from time to time be requested by the Department or the contracting agency, and in all respects comply with the Illinois Human Rights Act and the Department's Rules.
- 6) That it will permit access to all relevant books, records, accounts and work sites by personnel of the contracting agency and the Department for purposes of investigation to ascertain compliance with the Illinois Human Rights Act and the Department's Rules.
- 7) That it will include verbatim or by reference the provisions of this clause in every subcontract it awards under which any portion of the contract obligations are undertaken or assumed, so that such provisions will be binding upon such subcontractor. In the same manner as with other provisions of this contract, the contractor will be liable for compliance with applicable provisions of this clause by such subcontractors; and further it will promptly notify the contracting agency and the Department in the event any subcontractor fails or refuses to comply therewith. In addition, the contractor will not utilize any subcontractor declared by the Illinois Human Rights Commission to be ineligible for contracts or subcontracts with the State of Illinois or any of its political subdivisions or municipal corporations.