**CITY OF BOX ELDER** **PENNINGTON & MEADE COUNTIES** **STATE OF SOUTH DAKOTA**

**RESOLUTION NO. 26-25**

**A RESOLUTION UPDATING THE CITY OF BOX ELDER PURCHASING POLICY PER SECTION 2-204 OF THE CITY OF BOX ELDER MUNICIPAL CODE**

**WHEREAS,** pursuant to Section 2-204 of the City of Box Elder Municipal Code, the City Council shall adopt a purchasing policy "governing the conduct of City Officials and employees with respect to expenditures, contract procedures, and the procurement of property and equipment"; and

**WHEREAS,** the City Council is required to approve any amendments to the City's purchasing policy; and

**WHEREAS**, an updated purchasing policy has been designed to ensure transparency, accountability, and responsible stewardship of public funds in all purchasing activities; and

**WHEREAS**, the updated purchasing policy has been provided in "Exhibit A" as the City's "Procurement Policy" and establishes clear purchasing thresholds, approval authorities, competitive solicitation requirements, and ethical standards applicable to all City departments, officials, and employees.

**NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Box Elder,** as follows:

1. The City Council hereby adopts the "City of Box Elder Procurement Policy", attached hereto as "Exhibit A" and incorporated herein by reference (Procurement Policy) and is effective upon passage of this Resolution.
2. This Resolution and the Procurement Policy supersede and replace all prior purchasing policies, resolutions, or administrative directives of the City relating to procurement, purchasing authority, and expenditure procedures, to the extent inconsistent with the Procurement Policy.
3. The Procurement Policy shall apply to all City departments, officials, and employees involved in the procurement of goods, services, contracts, and public improvement projects, regardless of the source of funds, including any federal or state grant funds administered by the City.
4. The City Council reserves the authority to amend the Procurement Policy as necessary and appropriate to reflect changes in state or federal law, City operations, or best practices in public procurement.
5. The City Administrator is authorized to issue administrative guidance and operational procedures consistent with the Procurement Policy to assist City staff in its

implementation, provided such guidance does not conflict with the terms of this Resolution or the Procurement Policy.

**PASSED, APPROVED AND ADOPTED** this 5 day of May, 2026.

*(SEAL)*

CITY OF BOX ELDER CORPORATE SEAL SOUTH DAKOTA

Larry Larson

Larry Larson, Mayor

**ATTEST:**

Renee Baker, Finance Officer

**ATTESTATION**

I, Chaz Kokesh, the City Clerk of the City of Box Elder, South Dakota, do hereby attest and state the above resolution was published in the manner required by law and that all procedures required by the State of South Dakota law were complied with. This resolution shall become effective on May 12, 2026.

Chaz Kokesh

Chaz Kokesh, City Clerk

# COBE PROCUREMENT POLICY

**Policy:** The City of Box Elder Procurement Policy establishes a clear and consistent framework for the responsible acquisition of goods, services, and public improvements using City funds. This policy is designed to ensure transparency, accountability, and fairness throughout the procurement process while maximizing the value of every public dollar spent.

It is the policy of the City of Box Elder that all procurement activities be conducted with integrity, in full view of the public, and in compliance with applicable local, state, and federal law. All purchasing decisions shall be based on economic and business merit, free from personal interest or outside influence, and carried out in a manner that fosters public trust and confidence in City government.

This policy applies to all City employees, departments, and officials involved in the procurement of goods, services, contracts, and public improvement projects, regardless of the source of funds.

**Section 1: Introduction**

**Objectives:**

The City of Box Elder Procurement Policy Guide serves to accomplish the following objectives:

1. To provide for the fair and equitable treatment of all people involved in public purchasing by the City.
2. To maximize the purchasing value of public funds, taking into consideration the life cycle of the product.
3. To standardize the purchasing procedures and provide safeguards for maintaining a purchasing system of quality and integrity with orderly and efficient administration and oversight.
4. To create a competitive environment through fair opportunity and equitable treatment while complying with local, state and federal regulations.

**Policy:**

It is the policy of the City of Box Elder that all purchasing shall be conducted strictly based on economic and business merit. This policy is intended to promote the best interest of the citizens of the City of Box Elder.

City purchasing operates in full view of the public. To ensure an open purchasing process competitive pricing solicitation will be used to the extent possible during the full process. Purchasing information shall be a public record to the extent provided by state statute and shall be available to the public as prescribed by law. Additionally, all City accounts payable transactions are published in the local newspaper in accordance with SDCL 9-18-1.

Time is required to complete the steps required by State and local law. To accomplish timely, cost-effective purchasing of goods and services, all departments shall cooperate fully.

# COBE PROCUREMENT POLICY

**Application:**

This policy applies to:

1. Procurement of Goods and Services
2. Contractual Agreements
3. Public Improvement Projects.

This includes every expenditure of public funds for goods and services by a city department for public purchasing irrespective of the source of funds. If City staff or resources are used in any manner, this policy shall apply. When the purchase involves the expenditure of federal or state funds or contract funds, the purchase shall be conducted in accordance with any mandatory federal and/ or state law and regulations. Nothing in this policy shall prevent any City department from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with the law.

# COBE PROCUREMENT POLICY

**Section 2: Purchasing Authority and Thresholds**

| Threshold Amount | Authority for Purchase | Supplies/ Equipment | Professional Services | Public Improvements | Requirements for Contract/ Agreements. |
|---|---|---|---|---|---|
| **<$2,500** | Employees after notifying direct supervisor. | Make best effort to obtain optimal price | Make best effort to obtain optimal price | Make best effort to obtain optimal price | Notify Department Heads; Contracts require City Attorney review** |
| **$2,500-$10,000** | Superintendents | Provide Three Quotes | Provide Three Quotes* | Provide Three Quotes | Department Head approval required; Contracts require City Attorney review** |
| **$10,001-$49,999** | Department Heads | Provide Three Quotes | Provide Three Quotes* | Provide Three Quotes | Department Head approval required; Contracts require City Attorney review** |
| **$50,000-$99,999`** | Department Heads | Competitive procedures are required. Bidding process if applicable refer to BID Booklet. | Provide Three Quotes* | Competitive procedures may be required. Refer to BID Booklet. | City Administrator approval required; Contracts require City Attorney review** |
| **=/>$100,000** | Department Heads with Secondary Approval City Administrator | Competitive procedures are required. Unless exempt by state law. Basis for exemption must be provided to the City Admin and Finance Officer | Provide Three Quotes.* | Competitive procedures shall required.<br><br>Refer to BID booklet. | Contracts required City Attorney review; City Council Approval Required** |

*** Professional Services:** Professional Services are procured based on qualifications along with consideration of cost (fee). The type of funding for Professional Services will dictate the processes required. For instance, federal funding shall be required the use of 2 CFR Part 200. State and local funding allow more judgment by the City to determine the

best provider for the required service. Three Quotes required, unless exempted by the Finance Officer or City Administrator.

****All contracts and agreements must be reviewed by the City Attorney**. Any purchase, contract or agreement, over $100,000 will automatically require City Council approval. Additionally, any purchase, contract or agreement not included in the current fiscal year budget will require City Council approval to amend the budget prior to entering into the agreement.

**Section 3: Purchasing Process and Payment Methods**

**Purchasing Process:**

1. **Purchases Under $2,500**

Employees are authorized to procure goods and services via City credit card or direct bill with a total cost under $2,500 per transaction, provided the purchase is within an approved departmental budget and complies with all City policies.

While no formal quotes are required at this threshold, employees are responsible for trying to obtain the best price possible and should provide with requisition documentation any quotes or additional information obtained.

2. **Purchases from $2,500 to $10,000**

Superintendents or their designee is authorized to procure goods and services with a **total cost between $2,500 and $10,000** per transaction, provided the purchase is within an approved departmental budget and complies with all City policies

At this threshold, a minimum of three quotes must be provided prior to purchase to ensure competitive pricing and responsible use of public funds.

Quotes shall be documented using the City of Box Elder quote form **and** by attaching written vendor quotes, screenshots of pricing, or other comparable documentation that clearly supports the selected vendor. If selected vendor is not the lowest price, justification needs to be included in the quote form and signed by department head.

Superintendents are responsible for ensuring the selected vendor represents the best overall value to the city, considering price, availability, quality, and delivery timeframe.

3. **Purchases from $10,001 to $49,999**

Department Heads or designee are authorized to procure goods and services with **a total cost between $10,001 and $49,999 per transaction**, provided the purchase is within an approved departmental budget and complies with all City policies.

At this threshold, a minimum of three quotes must be provided prior to purchase to ensure competitive pricing and responsible use of public funds.

Quotes shall be documented using the City of Box Elder quote form **and** by attaching written vendor quotes, screenshots of pricing, or other comparable documentation that clearly supports the selected vendor. If selected vendor is not the lowest price, justification needs to be included in the quote form and signed by City Administrator or Finance Officer.

If the purchase requires a contract or formal agreement, the document must be reviewed by the City Attorney and approved by the City Council prior to execution and prior to the purchase being made.

Department Heads are responsible for ensuring the selected vendor represents the best overall value to the city, considering price, quality, availability, experience, and delivery timeline.

4. **Purchases from $50,000 to $99,999**

All procurements, including major equipment purchases, leases, goods, services and contracts**, with a total cost between $50,000 and $99,999** may require a formal competitive solicitation process.

Departments may be required to follow Request for Proposals/Qualifications (RFP/RFQ) process, as appropriate to the purchase. Refer to the State Bid Booklet and applicable South Dakota law for guidance on when formal bidding or requests for proposals are required.

All departments conducting a BID or RFP/RFQ procurement process must engage the City Finance Office to coordinate publication of required notices. The Finance Office and City Clerk's Office will assist with proper advertisement, required documentation for the City's Master Files, and management of bid bonds, cashier's checks, or other required bid security.

The solicitation process shall include clearly defined specifications or scope of work, established submission deadlines, and a documented evaluation and award process consistent with the solicitation method used.

If a contract or formal agreement is required, it must be reviewed by the City Attorney and approved by the City Council prior to execution and prior to the purchase being made.

5. **Purchases with a total cost of equal to or greater than $100,000.00**

Procurements and contracts totaling $100,000 or more shall require formal competitive procedures and City Council approval. Department Heads may initiate the process, but no commitment or award may be made without attorney review of contract and Council approval.

Competitive procedures must be conducted in accordance with applicable South Dakota law and the State Bid Booklet. This includes use of a formal Invitation for Bids (IFB) or Request for Proposals/Qualifications (RFP/RFQ), as appropriate to the procurement.

All departments conducting a BID or RFP/RFQ procurement process must engage the City Finance Office to coordinate publication of required notices. The Finance Office and City Clerk's Office will assist with proper advertisement, required documentation for the City's Master Files, and management of bid bonds, cashier's checks, or other required bid security.

If a department believes the procurement qualifies for an exemption under state law (including sole source or emergency procurement), the basis for the exemption must be documented in writing and submitted to the City Administrator and Finance Officer for review and approval prior to proceeding.

A written contract or agreement is required at this threshold. All contracts must be reviewed by the City Attorney and approved by the City Council prior to execution and prior to the purchase being made.

**General Guidelines:**

- Local Vendor preference must be granted when possible. It is the City's policy to solicit quotes from local suppliers whenever competitive local sources exist, and where no material sacrifice or loss in price or quality would result. For vehicle and equipment purchases, local vendors will be given reasonable opportunity to match the state contract price. If a local vendor matches the state contract price, the item will be purchased from the local vendor.
- Use of State Contract pricing does not fulfill City purchasing requirements. Departments shall still obtain and document the required number of quotes at the applicable approval level. State Contract pricing may be included as one quote but does not replace the quote requirement.
- If the purchase requires a contract or formal agreement, the document must be reviewed by the City Attorney and approved by the City Council prior to execution and prior to the purchase being made.
- A written explanation must be provided to the Purchasing Specialist and Finance Officer for purchases of over $10,000 when a sole source has been identified.
- Purchases, contracts and agreements shall not knowingly be staged or separated into smaller units or segments solely for the purpose of circumventing the competitive formal or informal bidding requirements.
- For all equipment requiring insurance coverage, submit the VIN, Purchasing Agreement and Invoice to the Risk Manager.

**Budget Authority**

- The Purchasing Authority and Approval Table applies only to the items in the adopted current fiscal year's appropriated budget. If an item is not budgeted, department heads must work with the Finance Officer to amend the budget to include the budget allocation prior to entering into any agreement or purchase.

# COBE PROCUREMENT POLICY

**Tax Exemption**

The City is exempt from paying state or local sales or use taxes on its purchases, City employees are recognized as agents empowered to use the sales tax exemption for City purchases. All applicable purchases require the use of the sales tax exemption.

It is important to note that the tax exemption does not apply to the Contractor's Excise Tax, which the City is obligated to pay.

**Sole Source:**

A sole source procurement may be authorized when goods or services are available from only one responsible source and no reasonable alternative or substitute exists. Sole source status shall not be based solely on vendor preference, prior experience, or convenience.

Departments requesting a sole source procurement must submit written justification detailing:

- The unique features or qualifications of the vendor.
- Why the goods or services cannot be competitively procured.
- The efforts made to verify that no other reasonable sources are available.
- The basis for determining that the proposed pricing is fair and reasonable.

The written justification must be reviewed and approved by the Finance Officer and Purchasing Specialist prior to proceeding with any purchase or contract. If the procurement exceeds thresholds requiring Council approval, the sole source determination must also be presented to and approved by the City Council prior to execution.

**Emergency Purchases :**

The Bid Booklet contains state statutes involving emergency procurement.

The conditions must create an immediate need for supplies, equipment, materials, and/or services that cannot be met through normal procurement methods, and the lack of which would threaten the function of City government or its programs.

Any Department Head may make emergency purchases when an emergency arises. Purchases should be limited to only the quantity necessary to deal with the emergency, and the Department Head should immediately notify the City Administrator or Finance Officer of any emergency purchase.

A written determination of the basis for the emergency and for the selection of the particular contractor shall be included in the requisition.

**Emergency Service Calls and Repairs**

1.The Department head should attempt to notify the City Administrator or the Finance Officer of the situation prior to initiating the service call.

2.A quote is not necessary at the time of the service call, but an estimated cost should be obtained.

3.When the full extent of the situation is known, a formal quote or estimate should be developed to address the full scope of the issue.

**Purchase Payment Methods**

**City Departments are authorized to purchase operational goods and services using the following three (3) methods:**

1. Purchasing Card/ Credit Card- preferred method if no fee is charged and items are under $2500 threshold. (See Cardholder Agreement)
2. Check- Generated by the Finance Office, upon department submission of applicable invoice and/or requisition.
3. ACH/ Bank Transfer- Case by case basis upon Finance Officer Approval.

**Section 6: Bidding, Purchasing Authorities, and Requests for Proposals/Request for Quotes**

*All departments conducting a BID or RFP/RFQ procurement process must engage the city Finance Office to coordinate publication of notices, required documentation for the City's Document Repository and management of Bid Bonds/Checks. Refer to the SD Bid Booklet for information regarding when bidding or requests for proposals are required.

Finance Office Staff, City Attorney, and City Clerk are available for assistance with questions.

**Section 7: Ethics in Public Purchasing**

**Criminal Penalties** Violations of this section that constitute violations of South Dakota State Statutes shall be punishable as provided therein. Such penalties are in addition to any civil, administrative, or other sanctions available under state law.

**Employee Conflict of Interest** Public employment is a public trust. City employees involved in the purchasing process must discharge their duties impartially to ensure fair and competitive access to City procurement opportunities for all qualified vendors and contractors. Employees shall avoid any action that creates, or appears to create, a conflict between their personal interests and their responsibilities to the City.

These conflict-of-interest policies establish essential ethical standards for all employees participating in the procurement process, without creating unnecessary barriers for those seeking to enter public service. Any attempt to achieve

personal gain through purchasing decisions or public employment, in a manner inconsistent with the proper discharge of an employee's duties, is a breach of public trust and will not be tolerated.

**Gratuities and Kickbacks**

1. **Gratuities.** City employees shall not solicit, accept, or expect to receive any gift, gratuity, or personal benefit from any vendor, contractor, or other party as a result of or in connection with any purchasing decision.
2. **Kickbacks.** No person shall offer or accept anything of value from a subcontractor, prime contractor, or any associated individual as an incentive or reward for the award of a subcontract or purchase order.
3. **Contract Clause.** The prohibition against gratuities and kickbacks shall be included in all City contracts and solicitations where deemed appropriate.

**Sanctions**

1. **Employees.** Employees found to have violated one or more of the ethical standards in this section shall be subject to disciplinary action as prescribed in the Employee Handbook, up to and including termination of employment.
2. **Non-Employees.** The City Administrator or their designee may impose one or more of the following sanctions on a non-employee for violations of these ethical standards: a. Written warning or reprimand. b. Termination of contracts not entered into by City Council. c. Debarment or suspension from future City procurements.
3. **City Council Contracts.** For contracts entered into by City Council, the City Council may impose one or more of the following sanctions on a non-employee: a. Written warning or reprimand. b. Termination of contract. c. Debarment or suspension from future City procurements.

**Recovery of Value Transferred or Received in Breach of Ethical Standards**

1. **General.** Any value transferred or received in breach of these ethical standards may be recovered by the City from the employee or non-employee involved, including through legal proceedings as necessary.
2. **Recovery of Kickbacks.** Where it is established that a kickback was made by a subcontractor to a prime contractor or higher-tier subcontractor in connection with a City contract, it shall be presumed that the kickback amount was passed through to the City in the contract price and shall be recoverable from the recipient. The City also reserves the right to recover such amounts from the subcontractor making the kickback. Recovery from one offending party does not preclude recovery from others.

**Section 8: Payments to vendors utilizing federal funds**

The City of Box Elder frequently receives federal funds either directly or through the State of South Dakota. Oftentimes federal funds are in the form of Community Development Block Grants (CDBG), Federal Emergency Management Agency (FEMA) Grants, State Revolving Fund (SRF) Funding, Clean Water Bonds or other financial loans and grants. If federal funding sources are utilized for any projects or services, the finance office will utilize the Catalog of Federal Domestic Assistance (CFDA) number to determine the purchasing and audit requirements; at a minimum the following may apply:

Suspension and Debarment: If any federal funds are utilized or requested for a project or service, all vendors participating in the project or service shall certify that they are not federally suspended or debarred prior to payment being made by The City of Box Elder. If the vendor is unable to provide the certification, the Finance Officer or designee will verify that said vendor is not federally suspended or debarred using the Excluded Parties List System (EPLS) as maintained by the General Services Administration (GSA) prior to the payment being made to the vendor. If the vendor is found to be suspended or debarred, no payment will be made to the vendor until alternative funding is authorized and budgeted. Documentation of the certification or the EPLS check will be maintained with the payment voucher in the finance office files.

Davis-Bacon and Related Acts: Some federal fund grants or loans may carry the requirement for compliance with the Davis-Bacon and Related Acts. The Davis-Bacon and Related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon Act and Related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act ("DBA") directs the Department of Labor to determine such locally prevailing wage rates. For prime contracts in excess of $100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts. The City of Box Elder will require certification from vendors prior to payment if the federal funding source requires compliance with the Davis-Bacon and Related Acts. The Davis-Bacon Act Compliance Certification and U.S. Department of Labor completed form WH-347 is required for payment from The City of Box Elder.