



PURCHASING MANUAL: POLICIES & PROCEDURES

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Executive Summary

A general summary of approvals required for City expenditures are as follows:

➤ All Purchases

Only employees listed on the Purchasing Authorization List (See Appendix A) may make purchases.

➤ All Purchases \$500 or more

An Electronic Purchase Order (PO) is required. All Purchase Orders require Department Head, Purchasing Officer, and Revenue Supervisor approval.

➤ All Purchases \$1,000 or more

Finance Director approval is required through the PO process, in addition to the Department Head, Purchasing Officer, and Revenue Supervisor.

➤ All Purchases \$5,000 or more

City Administrator approval is required through the PO process, in addition to the Department Head, Purchasing Officer, Revenue Supervisor, and Finance Director.

➤ Non-budgeted Purchases of Goods or Services \$5,000 or more

City Council approval required.

➤ Professional Service Contracts \$10,000 or more

City Council approval required.

➤ Purchases \$15,000 or more – Goods or Services

City Council approval required to award Sealed Bid (See Section IX).

➤ Purchases \$50,000 or more – Public Works Contracts Only

City Council approval required to award Sealed Bid (See Section IX).

EXCEPTIONS:

Budgeted items of a routine nature

Examples

- Compensation of officers and employees
- Payments of principal and interest on bond or warrant issues

I. Introduction

- A. The purpose of these purchasing policies and procedures is to establish a legal and orderly method of buying goods and services for the City of Gulf Shores, Alabama (“City”). These policies and procedures shall apply to all City of Gulf Shores employees, officers, officials, and agents when buying any goods or services for the City.
- B. By using these guidelines, the City hopes to achieve impartiality, integrity, and cost savings in the buying of goods and services. Another objective is to ensure that needed materials will be in sufficient supply so as to avoid any interruption in the delivery of services to the public.
- C. All purchasing records of the City will be open to inspection by any person, at all reasonable times and under reasonable regulations, except where prohibited or restricted by law.
- D. No officer or employee of the City shall be financially interested, either directly or indirectly, in any contract or purchase of any goods, materials, equipment, or contracted services furnished to or used by any Department, Board, or Agency of the City Government. There are certain statutory exceptions to this State regulation pertaining only to a Class 7 Municipality (Population of 6,000-11,999) such as Gulf Shores (*Code of Alabama*, Section 11-43-12).
- E. No officer or employee of the City may accept or receive, directly or indirectly, money, entertainment, gift or any promise, obligation, or contract for future reward or compensation from any person, firm, or corporation to which any contract or purchase order may be awarded.
- F. The City Purchasing Authority shall be the Finance and Administration Director or, in her absence, the City Administrator. The City Purchasing Authority may authorize the purchase of items less than \$5,000 which have been approved in the budget by City Council. City Administrator approval is required for purchases greater than \$5,000 up to the limits set by the Alabama Competitive Bid Law (See Section IX, “Procedures for Sealed Bids”).

II. General Guidelines

- A. Only those employees listed in the Purchasing Authorization List (PAL) shall make purchases of goods and services to be used by the City (See Appendix A). Employees of the City of Gulf Shores in good standing are eligible to be appointed to this list. Supervisors shall furnish to the Purchasing Officer a list of the qualified employees that they wish to serve as “Purchasing Agents” for their Departments or Divisions. The PAL will be prepared by the Purchasing Officer and sent to all Supervisors on a biannual basis. Those employees listed will be the only ones who will be able to incur an obligation against the City of Gulf Shores. Employees who are not on the PAL, if instructed by an authorized employee who is on the PAL may pick up items approved for purchase. In these situations, the sales ticket or invoice must be signed by a person listed on the PAL, with name and/or employee number printed legibly, before the ticket or invoice is submitted to the Accounting Division.
- B. The City Stockroom or Stock List shall always be consulted first to verify if a needed item is in stock.
A Stock/Inventory List is available on the shared server in the purchasing folder. If there is a demonstrated need for any item, it will be stocked. It is the responsibility of each Department Head to ensure that all employees utilize the City’s Stockroom.
- C. The use of Procurement Credit Cards is outlined in Resolution 5638-16 (See Appendix B) and the Procurement Card Policy and Procedures Manual.

- D. No accounts may be opened on behalf of the City without following the procedures outlined in Section V, Procedure for Adding New Vendors. The assistance of the Purchasing Officer should be utilized.
- E. In all purchasing situations, except those governed by the State Bid Law, price comparisons are to be obtained from two to three vendors to ensure the City receives quality merchandise at the lowest possible price. Purchases that are exceptions, as allowed by the State Bid Law, will not require price comparisons as described in this section.

The following buying limits for goods and services shall be used to determine how price comparisons are to be made:

<u>Amounts</u>	<u>Request</u>	<u>Method of Pricing</u>
All Goods and Services:		
\$0 – \$499.99	Verbal	Two verbal quotes recommended.
\$500 – \$14,999.99	Written	Three (3) written quotations required. List vendor quotes on Electronic Purchase Order, attach to invoice, and turned into Accounting as a packet.
\$15,000 and above		Formal sealed bids (<i>Code of Alabama</i> , Section 41-16-20)
Vehicle & Equipment Exemption:		
\$0 – \$5,000	No quote	Vehicle & Equipment Repair Exemption – \$500 and above will need Electronic Purchase Order.
Public Works Contracts:		
\$500 – \$49,999.99	Written	Three (3) written quotations on vendor letterhead required. List vendor quotes on Electronic Purchase Order, attach to invoice, and turned into Accounting as a packet.
\$50,000 and above	Written	Formal sealed bids (<i>Code of Alabama</i> , Section 39-2-2)

Under no condition or circumstance will a purchase be split or invoiced separately in order to make a purchase qualify for a lower expenditure category.

All specifications and vendors’ prices shall include freight charges F.O.B. (Freight On Board) Delivery to Gulf Shores. All vendors should be advised at the time prices are obtained that freight charges quoted will be the maximum paid by the City, and under no circumstances will additional freight charges be paid.

- F. All tickets and/or invoices must be filled out completely and turned in to the Accounting Division as soon as possible, preferably not greater than 72 hours. Departments with excessive turnaround times will be referred to the City Administrator. The entire account number being charged shall be

plainly marked on the ticket, invoice, or purchase order. Buyer must be sure to sign and print name or employee number on the ticket and/or invoice.

- G. If a purchase is made and is specific to a project passed by resolution, the project name must be identified on invoice. When purchases made are to be reimbursed by a grant, the name of the grant and the amount to be charged must be plainly marked on the ticket, invoice, or purchase order.
- H. When purchases made are deemed to be reimbursable by FEMA, AEMA, or another agency because they are directly related to a hurricane or other disaster, the name of the disaster, physical location of where the purchase was used, a description of how the purchase was used, and the dollar amount shall be plainly marked on the ticket, invoice, or purchase order. This includes preliminary disaster purchases for protective measures as well as all expenditures incurred during and after the disaster, such as cleanup and damage repairs.
- I. The incorporated municipalities of the State of Alabama are specifically exempted from the payment of Alabama Sales Tax on purchases of tangible personal property. Since a specific exemption is provided by law, a certificate of exemption is not needed (*Code of Alabama, 1975, Section 40-23-4(11)*, as amended). The City also maintains a Certificate of Exemption for Florida Sales Tax. A copy of the Certificate may be requested from the Purchasing Officer.

III. Emergency Purchases

- A. Emergency purchase of goods or services may be authorized by the Department Head or, in his/her absence, the Purchasing Authority when delivery is critical to the life, health, or comfort of the City and when normal purchasing procedures cannot be followed.
- B. For items within his/her purchasing range, the Supervisor must secure verbal approval from his/her Department Head before such emergency purchase and shall submit a written report to the Purchasing Authority via his/her Department Head within 24 hours after such emergency purchase. The report must set forth the nature of the emergency and a summary of the purchasing procedure used.
- C. The City Council has the authority to let contracts under the State Bid Law (purchases or contracts \$15,000 and above) without advertisement in emergency situations when public health, safety, or convenience is at risk through delay. Sealed bid laws must still apply to purchase. Such emergency must be declared in writing by the Department Head in advance; and the City Council shall ratify the contract award based upon the justification provided by the Department Head.

IV. Special Requests and Conditions

- A. No purchases shall be made unless the purchases are for budgeted items with available funds in the current year budget, or have been specifically approved by the Mayor or the City Administrator.
- B. Competitive pricing is not required if goods are available only through a single vendor, have uniform prices wherever bought, or are exceptions as defined in the State Bid Law. Sole source purchases

shall be approved by the Purchasing Authority prior to purchase. Sole source purchases are extremely rare.

- C. For the purchase or lease of personal property only, a Baldwin County resident person, firm, or corporation whose bid is no more than five percent (5%) greater than the lowest bid, may be the successful bidder and the contract may be awarded to such Baldwin County resident vendor responsible bidder. A Baldwin County resident vendor is defined as one who has a place of business within Baldwin County. It is the policy of the City of Gulf Shores to purchase from a Gulf Shores resident vendor whenever possible.
- D. Vendors offering equal value at equal cost will be rotated on an equitable basis. Equal cost is to be determined by evaluation of such factors as price, delivery, service, operations, features, salvage, and life cycle costing, if applicable.
- E. All contract change orders, regardless of amount, shall be approved through resolution by the City Council.

V. Procedure for Adding New Vendors

- A. A new vendor may be added if either of the following criteria are met:
 - 1. The amount of the purchase is greater than \$100 or the purchase cannot be made with a procurement card.
 - 2. Repeat purchases are anticipated.
- B. If the vendor is located outside the City, the item being purchased or service being rendered should not be available within the City from a preferred local vendor.
- 3. A Vendor Application Form shall be completed and submitted to the Purchasing Division to ensure a local vendor cannot be utilized or purchase cannot be made by procurement card. The entire scope of the purchase will be reviewed to determine if an account should be opened. Decisions will be made on a case-by-case basis. It is the City's policy to discourage low volume, infrequent vendor accounts.

VI. General Purchasing Procedures

- A. For purchases of \$0 – 499.99
 - 1. Purchase can be made by any employee on the PAL. A City I.D. must be presented by the City employee to the vendor when purchasing at a store where the City has an open trade account.
 - 2. The ticket or invoice for a purchase must be submitted to the Accounting Division as soon as possible but in no case greater than 72 hours. The account number and signature of the purchaser must be plainly and legibly marked on the ticket or invoice. If the signature is unreadable, please print name under it.

3. Up to \$200, items can be purchased from Petty Cash, as outlined in the Petty Cash Policy. Buying limit requirements shall be adhered to.

B. For purchases of \$500 – \$14,999.99

\$500 – \$49,999.99 for Public Works Contracts

1. An Electronic Purchase Requisition (See Section VIII) must be submitted by the employee making a purchase through the Division Supervisor to the Purchasing Division. A summary of quotations received, to include vendor name and pricing, must be written on the Electronic Purchase Requisition.
2. The Purchasing Division will verify established procedures are being followed. After approval by the Purchasing Division, the Requisition will be routed to the Purchasing Authority for processing.
3. In cases where the established procedures are not being followed or the item is not budgeted, the Requisition will be routed to the City Administrator for approval and signature.
4. Once approved, the Requisition will be released by the Accounting Division and become a Purchase Order.
5. Information reflected by the Requisition/Purchase Order is then entered into the computer system to encumber the account. Any pertinent notes should be entered and monitored in the notes section of the Requisition.
6. The printed Purchase Order accompanied by the written quotes summarized in the Electronic Purchase Requisition must be attached to the Invoice when submitting for payment.

C. For purchases of \$15,000 and above

\$50,000 and above for Public Works contracts

1. The Competitive Bid Law is codified through Titles 39 and 41, *Code of Alabama, 1975*.
 - a. The Bid Laws have been interpreted by the Courts and by the State Attorney General's Office to mean that like items purchased by the entire City, totaling \$15,000 and above, must undergo the sealed bid process. (\$50,000 for Public Works Contracts)
 - b. Bidders may be required to furnish a bid bond on any contract totaling \$15,000 and above (\$50,000 for Public Works Contracts) provided that bonding is available for such services, equipment, or materials. (*Code of Alabama, Section 41-16-50(c)*)
 - c. Bond in a responsible sum for faithful performance of the contract with adequate surety may be required in an amount specified in the advertisement for bids. (*Code of Alabama, Section 41-16-58*)
 - d. For your convenience, the following exceptions allowed by the Competitive Bid Law are listed here:
 - Purchases of utility services where no competition exists or rates are fixed by law.

- Purchases of insurance.
- Purchases of election supplies. However, the purchase or lease of voting machines is not exempt from the bid law.
- Contracts for services of attorneys, physicians, architects, teachers, superintendents of construction, artists, appraisers, engineers, consultants, certified public accountants or other individuals possessing a high degree of professional skill where the personality of the individual plays a decisive part. ("Professional Services")
- Contracts of employment in the regular civil service.
- Purchases of products made or manufactured by the blind or visually handicapped under the direction or supervision of the Alabama Institute for the Deaf and Blind.
- Purchases of maps or photographs from a federal agency.
- Purchases of manuscripts, maps, books, pamphlets and periodicals.
- The selection of paying agents and trustees for any security issued by a public body.
- Professional service contracts for the codification and publication of the laws and ordinances of a county or municipality.
- Contractual services and purchases of commodities for which there is only one vendor or supplier.
- Contractual services or purchases of personal property, which by their very nature are impossible to award by competitive bidding.
- Purchases of products where the price of such products is already regulated and established by state law.
- Contracts for furnishing of fiscal or financial advice or services.
- Contracts relating to industrial development.
- The purchase of equipment, supplies or materials needed, used and consumed in the normal and routine operation of any waterworks system, sanitary sewer system, gas system, or electric system, or any two or more thereof, that are owned by municipalities, counties or public corporations, boards or authorities that are agencies, departments or instrumentalities of municipalities or counties and no part of the operating expenses of which system or systems have, during the current fiscal year, been paid from revenues derived from taxes or from appropriations of the state, a county, or a municipality.
- Repair of construction equipment and all vehicles for which parts or service is of a specialized nature.

The State and Baldwin County Bid Lists are to be used whenever possible.

Note: The State bid and County bid should state, in writing, that the contract was let for the benefit of municipalities as well as the state or county. Purchase of items on State Bid List should reflect commodity number and State contract number. If the vendor cannot provide these numbers, it is not on the State Bid List. The City cannot purchase from Federal General Services Administration's (GSA) contracts but may use GSA prices for comparison. It is recommended that other prices be obtained when using the State Bid List; State bid prices are not always the lowest.

Exception to Federal GSA: Police and Fire Departments can purchase items to be used for Homeland Security, and Schedule 70 contracts can be utilized for computers.

2. Purchases shall not be split in order to avoid the requirements of the bid laws.
3. Invitations to bid for items other than Public Works Contracts shall be prepared by the Purchasing Officer. The Public Works Director shall be responsible for preparing invitations to bid for Public Works Contracts with the Purchasing Officer's assistance and knowledge. Scheduled bid openings will normally be held on Tuesdays at 10:00 AM. Bid openings will normally be held in the Council Chambers of City Hall unless an alternate place is designated and posted on the public bulletin board prior to the opening. The Purchasing Officer may set special bid openings and change the location as he/she deems necessary.
4. All bids will be opened in a public meeting. A bid tabulation sheet will be prepared as bids are opened showing the items responded to appropriate bid amounts received.
5. The Purchasing Authority or his/her designee is required to attend each bid opening. Department heads, other staff members, vendors, and the general public are invited and welcome to attend bid openings.
6. All bids will be time date stamped regardless of the time received. Any bid received after the appointed time of opening will be placed in the bid file, unopened, and retained by the City.
7. All bids, together with all documents pertaining to the bid or award of a contract, shall be retained and made part of a file or record for a period of seven (7) years, or as required by the Alabama State Records Retention Law.
8. At the bid openings, the City's representatives may question any bidder as to the validity of the bid; however, no one representing the City shall make any commitment to a bidder as to a purchase prior to the awarding by Council and the issuance of a Purchase Order or Contract.
9. City Council shall award the contract for all accepted sealed bids by resolution. Unit price, estimated quantity contracts may be awarded with an amount "not to exceed" identified. If the contract expenditure exceeds the "not to exceed" amount, a change order must be approved by resolution of the City Council.
10. In the event only one (1) bid is received, the City may reject the bid and negotiate the purchase provided the purchase price is lower than the bid price. The City may further reject any bid if the price is deemed excessive or the quality of the product or service does not meet the specification or is otherwise deemed nonconforming. Should the City solicit bids and receive

none, the City may then negotiate a price with any vendor without soliciting bids a second time. The City reserves the right to reject any or all bids and to waive any informality.

VII. Professional Service Contracts/Agreements

- A. Department Heads may approve and execute maintenance and professional service contracts with a value of less than \$5,000 without prior City Council approval.
- B. The City Administrator may approve and execute professional service contracts with a value of less than \$10,000 without prior City Council approval.
- C. City Council must approve professional service contracts with a value of \$10,000 or more.

Note: Professional service contracts must address professional errors and omission coverage. A Certificate of Insurance evidencing coverage must be provided to the City referencing the project name. Contact the Purchasing Officer to determine appropriate coverage before executing any contracts or agreements.

VIII. Procedure for Electronic Requisitions/Purchase Orders

- A. Before making a purchase of \$500 or more, an employee must submit an Electronic Purchase Requisition. A summary of quotations received, to include vendor name and pricing, must be written on the Electronic Purchase Requisition.
- B. Once an Electronic Purchase Requisition is submitted, it is approved as follows:
 - 1. Department Head – Verifies that the purchase is justified and authorizes expenditure to department account. Approval by a Department Head for a department other than their own is not allowed without approval of Department Head to which the expense is charged.
 - 2. Purchasing Agent – Verifies established procedures are being followed, and that the requisition has been filled out correctly.
 - 3. Treasurer – Verifies that the vendor has a current business license and is tax compliant, when applicable. Approval is held until vendor has obtained required licensing.
 - 4. Finance & Administrative Services Director – Approves purchases greater or equal to \$1,000, verifies that sufficient funds have been budgeted/allocated to cover the cost of the purchase.
 - 5. City Administrator – Approves purchases greater or equal to \$5,000 or when an account is over budget.
- C. Once approved, the Electronic Purchase Requisition must be released by the Accounting Division for it to become an Electronic Purchase Order.

IX. Procedures for Sealed Bids

(Purchases of \$15,000 and above; \$50,000 and above for Public Works Contracts)

All applicable public contracts for the City of Gulf Shores must conform to the *Code of Alabama*, Title 41.

- A. The Purchasing Manual should be reviewed on a regular basis to ensure compliance is maintained.
- B. At least fourteen (14) days should be allowed from the date the bid package is placed on the City website or mailed until the bid opening date. The Invitation to Bid must be posted on the public bulletin board at City Hall on the same day that the bid package is placed on the City website or mailed.
- C. The bid package shall clearly indicate the person to contact in cases when the vendor may have questions.
- D. The following sources should be utilized in developing bid specifications:
 - 1. NIGP (National Institute of Governmental Purchasing)
 - 2. State and/or Baldwin County bid specifications
 - 3. Other Cities' bid specifications
 - 4. Internal staff

The practice of having vendors participate in formulating the specifications should be avoided if possible. In cases where a vendor did participate in the preparation of the bid specifications, a pre-bid conference or similar review should be conducted to ensure that other vendors are able to fairly bid.

- E. The Bids must be received by U.S. Mail, Federal Express, etc., not later than the time and date for bid opening specified in the bid package. Walk-in bids are acceptable, but hand carried bids must be turned in at the City Hall front desk by the bid deadline. All bid packages shall be date/time stamped by the City Hall front desk attendant at the time they are turned in and logged. The City accepts no responsibility for the acceptability or receipt of walk-in bids.
- F. Newspaper bid advertisements shall conform to the following:

The first bid advertisement in the newspaper must appear at least fourteen (14) days prior to the bid opening date.

<u>Projected Bid Price</u>	<u>Procedure</u>
\$15,000 – \$19,999.99	No newspaper advertising is required. However, consideration should be given to a small, one-time advertisement that simply states that a bid on a specific item is being conducted and the place where specific bid information may be obtained.
\$20,000 and above	The bid shall be advertised once in a newspaper published locally.

Items below are the newspaper advertising requirements for Public Works Contracts only.

\$50,000 – \$499,999.99	The bid shall be advertised once in a newspaper published locally.
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\$500,000 and above The bid shall be advertised at least once in three (3) newspapers of general circulation throughout the State.

- G. There shall be no changes in the bid specifications starting 48 hours prior to the scheduled bid opening. This should be clearly indicated in the bid package. All bid inquiries should be directed only to the specific person(s) indicated to receive inquiries in the bid package. Answers to all inquiries shall be provided to all bidders via written addendum. All addenda shall be issued by either the Purchasing Officer or Public Works Director for promulgation to vendors. All receptionists responsible for directing calls should be made aware of this by the Purchasing Officer.
- H. Warranty information should always be included by the vendor as part of their sealed bid. This should be clearly stated in the bid package.
- I. Council approval is required to award sealed bids.
- J. Upon award, the successful bidder must become registered as a City Vendor. The successful bidder will be required to obtain a Gulf Shores Business License if delivery trucks or business representatives operate within the City. Vendors are not required to obtain a business license if items are shipped through common carrier. Vendors shall be responsible for Use Taxes, if due, on materials provided by the Vendor in accordance with Alabama Law and local City Ordinances. Contractors performing construction work on a project must obtain a Gulf Shores Building Permit, but permit fees will be waived. Contractors shall do no work until Certificates of Insurance acceptable to the City have been filed and approved.

X. Public Works Contracts

Section 39-2-1, *Code of Alabama 1975*, defines public works as:

“The construction, repair, renovation, or maintenance of public buildings, structures, sewers, waterworks, roads, bridges, docks, underpasses, and viaducts as well as any other improvements to be constructed, repaired, renovated, or maintained on public property and paid, in whole or in part, with public funds or with financing to be retired with public funds in the form of lease payments or otherwise.”

All public works projects involving a public expenditure of \$50,000 or more must be competitively bid. Public works projects less than \$50,000 are exempt from the regular bid law. The Purchasing Officer should be consulted to determine if a project truly qualifies as a public works contract.

All Public Works Contracts for the City of Gulf Shores must conform to the *Code of Alabama*, Title 39.

A. Licenses Required.

- 1. Any contractor performing any construction work for the City must possess all licenses and permits required by the City of Gulf Shores. Any general contractor desiring to bid on any contract to construct any building, highway, sewer, grading, or any improvement or structure

costing \$50,000 or more must possess a valid current general contractor's license issued by the State of Alabama. All bidders must include a current State of Alabama Contractor's License Number on the bid. No contract in the amount of \$50,000 or more shall be awarded to any contractor who is not a currently licensed Alabama General Contractor.

2. In addition to necessary state and local business and contractor's licenses, an out-of-state corporate contractor shall be registered to do business in Alabama by the Secretary of State. Proof of such qualification shall be provided to the Purchasing Authority at the time of business license fee payment. A card reflecting the State Certification Number shall be sufficient proof.

B. Plans and Specifications Required.

On any construction project costing \$50,000 or more, all engineering plans, specifications, and estimates shall be prepared by, and the construction executed under the direct supervision of, a professional engineer or registered architect.

C. Advertisement.

1. Any construction project costing \$50,000 or more shall be advertised at least once in a newspaper published locally. Any Public Works Contract costing \$500,000 or more shall be advertised at least once in three (3) newspapers of general circulation throughout the State.
2. The advertisement shall be posted on a bulletin board maintained in Gulf Shores City Hall.
3. Invitations to bid may be mailed or faxed to all Alabama contractors on the City of Gulf Shores bid list for projects of the type being bid or placed on the City's website.

D. Bid Guaranties.

All bidders shall furnish a bid bond on any contract in excess of \$50,000 provided that bonding is available for the services, equipment, or materials. In cases where bonding is not available, a certified check payable to the City of Gulf Shores will be required. The amount of the bond or certified check shall be for an amount not less than five percent (5%) for all Alabama contractors on the City of Gulf Shores bid list for projects of the type being bid of the estimated cost or of the contractor's bid but not more than \$10,000 unless special circumstances require a greater amount.

E. Performance Bond and Labor and Material Payment Bond.

Any person, firm, or corporation entering into a contract with the City for the repair or construction of any public building, public work, highway, or bridge shall provide a performance bond equal to one hundred percent (100%) of the contract price and, in addition thereto, another bond with good and sufficient surety, payable to the City of Gulf Shores, in an amount required by the City of not less than fifty percent (50%) of the contract price, with the obligation that such contractor shall promptly make payments to all persons supplying him with labor, materials, or supplies and for the payment of reasonable attorneys' fees incurred by successful claimants or plaintiffs in civil actions on said bond (*Code of Alabama*, Section 39-1-1(a)). The specifications may permit the alternative of an irrevocable letter of credit to be presented in place of a bond. Bonds are not required on contracts of less than \$50,000 by the *Code of Alabama*, Section 39-1-1, but a bonding requirement

imposed by the City under *Code of Alabama*, Section 41-16-58 for contracts under \$50,000 would not be precluded.

F. Insurance Requirements for Contractors.

Any person, firm, or corporation entering into a contract with the City for the repair, maintenance, or construction of any public building, public work, highways, or bridges shall have Workers' Compensation and Comprehensive General Liability Insurance in an amount deemed appropriate by the City but never less than \$1,000,000 Combined Single Limit. The Certificate of Insurance shall name the City of Gulf Shores as additional insured.

G. Preference to Resident Contractors.

1. A preference shall be given to Alabama contractors bidding on construction projects being funded by State, County, or City funds to the same extent preference is given to nonresident contractors in their home state.
2. Nonresident bidders must accompany any written bid documents with a written opinion of an attorney at law licensed to practice law in such nonresident bidders' state of domicile, as to the preferences, if any or none, granted by the law of that state to its own business entities whose principal places of business are in that state in the letting of any or all public contracts.
3. A summary of this law shall be a part of the advertised specifications of all projects affected by this law.

H. If a construction contract is funded in part by grant moneys, the applicable Federal or State administrative requirements shall control in any situation where the Municipal guidelines differ.

I. All contract change orders in excess of \$5,000 shall be preapproved by resolution of the City Council. Change orders less than \$5,000 shall be ratified by Council.

J. No specification for the use of sole source materials, products, systems, or services may be made unless there is compliance with *Code of Alabama*, Section 39-2-2(f).

K. *Code of Alabama*, Sections 39-3-1 and 39-3-4, require the use of domestic materials, supplies, other products, and steel if these are available at reasonable and competitive prices and are not contrary to any sole source specifications implemented under Section 39-2-2(f). In the event the contractor breaches the agreement to use domestic products and domestic products are not used, there shall be a downward adjustment in the contract price equal to any realized savings or benefits to the contractor.

XI. Maintenance, Rental, Lease, and Lease Purchase Contracts

A. All contracts for leases, lease purchases, rental agreements or maintenance agreements must be submitted to the City Clerk, who will determine whether the document should be reviewed and approved by the City Attorney. Only the Mayor has the authority to sign contracts on behalf of the City. Insurance requirements must be reviewed by the City's Insurance Agent, and their concerns addressed.

- B. All leases, lease purchases, rental agreements or maintenance agreements are subject to bid laws if the amount equals or exceeds \$15,000. (See Section VI-C)
- C. A lease purchase plan is an option available to the City to be used when deemed to be in the best interest of the City. A lease purchase agreement may not exceed a period of five (5) years.
- D. Contracts for purchases of personal property shall not be awarded for terms greater than three (3) years and contracts for contractual services shall not be awarded for terms greater than five (5) years.
- E. Lease purchase contracts for capital improvements and repairs to real property shall be let for periods not greater than ten (10) years.

XII. Vehicle and Equipment Purchases

The following procedures should be used when making approved purchases of vehicles and/or equipment:

1. Present desired specifications to Fleet Manager for review. Be sure to include request for parts manual.
2. Discuss with Purchasing Officer to determine whether the item should be purchased from the State Contract List, other approved contract, or if it should be competitively bid.
3. Buyer must inform Fleet Manager and Purchasing Officer of which existing units are being replaced, or present proof of fleet increase approval.
4. Follow applicable purchasing procedures for competitive bid and/or requisition.
5. Place order after Purchase Order is fully approved.
6. Vehicle and equipment titles must be made out to the Public Works Shop address, as follows:
City of Gulf Shores
160 West 36th Avenue
Gulf Shores, AL 36542
7. Received vehicles and equipment must be delivered directly to the Public Works Shop for an initial inspection prior to use.
8. Original title and copy of invoice and any additional documentation should be submitted upon item delivery to the Purchasing Officer or the Public Works Administrative Assistant located at the Public Works Shop. Purchasing Officer will add new items to insurance and apply for license plates when required. The Purchasing Tech will issue the fuel card. The Public Works Administrative Assistant issues the four-digit City ID number and enters the item into Cititech software for maintenance tracking.
9. Original invoice should be approved and submitted to Accounting for payment.

XIII. Workers' Compensation Insurance Requirements for Vendors

All vendors performing work or services on City property are required to provide proof of workers' compensation insurance prior to beginning work on City property.

The State of Alabama requires businesses with more than four employees to have workers' compensation insurance coverage, but the City is required to pay for workers' compensation insurance coverage for all vendors who work on City property, even if they have four or less employees, if their proof of insurance is not on file. In an effort to reduce costs, the City requires all vendors, regardless of their number of employees, to provide proof of workers' compensation insurance prior to beginning work on City property. Exceptions to this requirement will be entertainment performers, or other contracted vendors where the cost of assuming workers' compensation coverage is approved by the City Administrator.

XIV. Business License Requirements for Vendors

All vendors with a physical presence in the City of Gulf Shores are required to have a Gulf Shores Business License. This includes physically performing work within the City and delivery of goods by personnel and vendor-owned vehicles into City limits. Vendors using common carrier delivery methods such as FedEx and UPS are not required to obtain a business license.

XV. Partial Shipment Payment

When a partial shipment is received and there will be delay in completing the order, the Department Head may authorize payment for those goods received. The person receiving the items should sign the receiving ticket certifying that the items have been received, and the Department Head shall then authorize payment against a valid invoice.

XVI. Prepayment Purchases

On purchases of goods or services requiring prepayments, a procurement card shall be used in all cases where vendors will accept this card. A Purchase Order must be used in those cases where the vendor will not accept a procurement card. Purchase Orders in the amount of \$500 or more shall be sent to the Purchasing Authority for approval. Purchase Orders for less than \$500 may be sent directly to Accounts Payable. In this case, the Purchase Order shall state the amount of prepayment.

XVII. Reverse Auction Procedures

(Revised *Code of Alabama* Sections 41-16-50, 41-16-54, 41-16-55, 41-16-57)

- A. Authorization for Reverse Auction. Utilize reverse auction when making purchases of supplies or services. The reverse auction process encompasses two phases: 1) issuance of the pre-qualification documents that include specifications, terms and conditions, and 2) the online auction event. The

auction event shall be conducted through the internet using a third party agent hired by the Purchasing Officer to conduct the online event.

- B. Determination for Reverse Auction. The Purchasing Officer has reviewed the purchase request has determined that the supplies or services are not available from state resources, and has also determined that use of the Competitive Sealed Bid and Competitive Sealed Proposals may not result in the most advantageous pricing for the City. In lieu of a bid or proposal, the Purchasing Officer determines that a reverse auction would be in the best interest of the City to complete the purchase. Factors to consider include, but are not limited, to the following:
 - 1. Value of the procurement
 - 2. Number of items to be purchased
 - 3. Specifications readily definable
 - 4. How often the item will be purchased
 - 5. Use by other agencies
 - 6. Availability of competition
 - 7. There are single/multiple delivery points

The Purchasing Officer will then contact a third party to discuss the potential of doing a reverse auction for the respective purchase.

Upon completion of the reverse auction, the Purchasing Officer will complete the Reverse Auction Scoring Worksheet for each proposed purchase and include a copy with the recommendation to the Mayor and Council.

XVIII. Petty Cash and Cash Box Policy

- A. A petty cash fund may be used to purchase small items of immediate need or to reimburse employees for eligible outlay of cash. The following funds are presently authorized by Council Resolution for the respective divisions of the City:

<u>Fund</u>	<u>Amount</u>	<u>Custodian</u>
General Government	\$ 1,000	Revenue Financial Tech I
Municipal Court	\$ 500	Municipal Court Magistrate
Police	\$ 750	Administrative Supervisor
Fire/EMS	\$ 300	Fire Chief
Community Development	\$ 200	Administrative Assistant II
Building Department	\$ 250	Administrative Assistant II
Special Events & Programs	\$ 500	Program/Events Supervisor
Library	\$ 500	Library Assistant Senior

Recreation & Cultural Affairs Department	\$ 900	Recreation Manager
Recreation Concessions	\$ 3,500	Parks & Facilities Manager
Tennis Center	\$ 200	Athletic Coordinator
Cultural Center	\$ 300	Program/Events Supervisor
City Store	\$ 1,300	Retail Operations Coordinator
TOTAL	\$10,200	

When a Petty Cash and Cash Box Fund is established and the cash presented to the Custodian, the designated Custodian shall sign a form provided by the Accountant. This form shall serve as a receipt and also an acceptance of total responsibility for the cash so transferred. Any discrepancy in the fund will be the sole responsibility of the designated Custodian notwithstanding an assignment of the Cash Box to the Custodian’s agent.

No petty cash expenditure shall exceed \$200 for any one incident, except in the case of an emergency, in which case the Department Head shall give prior approval, in writing, with an explanation to the City Administrator through the Purchasing Authority.

- B. Regulations governing operations of such funds shall be outlined in departmental operating procedures; however, a locked depository shall be used as a safeguard measure. An identical petty cash form is used to document purchases or reimbursements made by the various funds.

- C. Replenishing of petty cash funds follows standard accounts payable procedures in that the Department Head, or his/her designated agent, must approve all expenses. When replenishing of petty cash funds is necessary, the following procedures will be used:
 1. The Petty Cash Custodian (Revenue Financial Tech I) will complete Section 1 of the Request for Reimbursement of Petty Cash Fund and attach it to the front of the supporting documentation. The package is then forwarded to the Accounting Division for processing.
 2. Upon receipt of the package, the Accounting Division will run a tape of the paid tickets. If the total agrees with the amount requested in Section 1 of the form, the Accounting Division will endorse Section 2 of the original. The original will remain with the package.
 3. If the tape does not agree with the requested amount, the package will be returned to the Custodian for correction. When corrected, Steps 2 and 3 above will be repeated.
 4. The Accounting Division verifies that the tickets are coded to the proper account numbers so expenditures will be recorded as budgeted.
 5. A check is then issued for the amount of the request.
 6. The Accounting Division will notify the Custodian that the reimbursement check is ready.
 7. The Accounting Division will file the completed original form with the copy of the check and all supporting documentation.
 8. The Accounting Division will provide each custodian with one (1) original request form from which duplicates can be made.

9. Petty cash files are maintained by department in the Accounting Division.
- D. Daily check-and-balance is maintained on petty cash boxes by having another person, other than the Custodian, count money, and verify documentation.
- E. Petty cash disbursements will be made for small purchases when it is not feasible to write a purchase order or when purchasing from sources with which the City does not have an account. Only purchases of \$200 or less will be made from petty cash.
- F. When petty cash expenditures are necessary, the following procedures will be used:
 1. An invoice will be secured for each purchase showing exact items purchased. If only a cash register tape is available, items purchased should be described on the Petty Cash Voucher.
 2. A Petty Cash Voucher will be prepared by the Petty Cash Custodian.
 3. The invoice will be attached to the Petty Cash Voucher and presented to the Petty Cash Custodian for reimbursement.
 4. The Petty Cash Voucher and invoice will be retained in the Accounting Division as a part of their permanent records.
- G. When a Petty Cash Custodian terminates employment with the City, an eligible employee in the same Division and Department shall be appointed by the City Administrator.

XIX. Recurring Contractual Charges

Payment of recurring monthly charges and reimbursement is an accounting procedure and not a purchasing procedure; therefore, no purchase order will be needed for these payments. Procedures for payment will be implemented by the Accounting Division. Examples of these payments are automobile allowance, utility bills, debt services, and appropriations.

XX. Stockroom/Inventory

- A. The Purchasing Technician will operate an efficient, centralized stockroom. This will be achieved by scheduling purchasing requirements in advance, developing specifications tailored to departmental needs, inspecting delivered goods to ensure they meet specifications, maintaining an effective working relationship with other departments and vendors, and using buying techniques that discourage favoritism and encourage greater competition among prospective vendors.
- B. Purchase requisitions provided by the Purchasing Technician shall be used to withdraw stock from the stockroom. Items costing less than \$500 which are not maintained as stock will be requested by Purchase Requisition signed by the Department Head. The correct procedure for the expenditure will then be followed as outlined in Section VI – General Purchasing Procedures.
- C. The following stockroom procedures shall apply:

1. A list of stock inventory will be issued to City Staff quarterly by email by the Purchasing Technician showing the items available for selection. The requesting department will complete the requisition in the same manner as for non-stock items, making the selections from the stockroom.
 2. The Purchasing Technician will review the requisition to ensure that it has been properly prepared and approved by the proper authority, and then issue the items requested.
 3. The Purchasing Technician will issue a biweekly report to Department Heads for review. Expense coding will be corrected as needed.
 4. The requisitions will be retained in the stockroom until the end of the quarter when they will be totaled and forwarded to the Accounting Division to be charged to the various departments.
- D. The Purchasing Technician will conduct periodic, selective inventory counts of the stockroom. A full inventory count shall be made at least once annually by a staff person other than the Purchasing Technician.

XXI. Grant Administration

When making purchases with funding from multiple agencies, the strictest purchasing policy shall prevail. Most grants are heavily regulated by specific policies and operational procedures. It is important to know which purchasing rules and policies to follow and how to clarify and resolve any conflicts within those rules and policies. If there are areas of deficiency in the City policies, then the Federal and/or State policies and procedures must take precedence. All procurement of labor, services, or materials made with grant funds shall conform to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200), State Bid Law (Code of Alabama, Title 41), and Public Works Law (Code of Alabama, Title 39).

XXII. Promulgated Rules

The Purchasing Authority may, with approval of the Mayor or City Administrator, promulgate any procedure(s) necessary for the implementation of this policy.

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Appendix A: Purchasing Authorization List (PAL) and Instructions

PURCHASING AUTHORIZATION LIST

Updated February 29, 2016

<u>DEPARTMENT</u>	<u>PURCHASING AGENT</u>	
Executive	City Administrator City Clerk Administrative Assistant(s)	Environmental/Grants Coordinator Economic Development Coordinator
Human Resources	Human Resource Officer Payroll/Benefits Specialist	Records Clerk
Finance & Admin Services	Finance & Administrative Services Director Revenue Supervisor Accounting Supervisor Purchasing Officer Purchasing Tech	IT Officer GIS Specialist Network Administrator Systems Administrator
Recreation & Cultural Affairs	Recreation & Cultural Affairs Director →Special Events Programs & Events Manager Programs & Events Supervisor Retail Operations Coordinator Marketing & Communications Coordinator →Recreation Center Recreation Center Manager Administrative Assistant Athletic Coordinator Tennis Coordinator →Parks and Facilities Parks & Facilities Manager Landscape Crew Leader Landscape Grounds Worker, Sr. →Beach Beach Safety Supervisor →Library & Museum Managing Librarian Library Assistant, Sr.	Assistant Director Programs & Events Technician Rental Specialist Aquatic Coordinator Facility Maintenance Worker, Sr. Facility Maintenance Worker Recreation Assistant Landscape Grounds Worker Museum Administrator
Municipal Court	Court Clerk	Magistrate(s)
Planning & Zoning	Planning & Zoning Director Administrative Assistant	Code Enforcer Planner
Building	Building Official Building Inspector(s)	Permit Clerk
Public Works	Public Works Director →General Services Assistant Director Administrative Assistant(s) →Maintenance Division Maintenance Supervisor Vehicle Equipment Mechanic, Sr.	Public Works Inspector Public Works Courier Vehicle Equipment Mechanic

→Landscape Division	Facility Maintenance Tech, Sr. Landscape Supervisor Landscape Grounds Worker, Sr.	Facility Maintenance Tech Landscape Crew Leader Landscape Grounds Worker
→Streets/Roads Division	Streets Supervisor Streets Crew Leader	Equipment Operator III
→Custodial Division	Custodial Supervisor Facility Maintenance Worker, Sr.	
Police Department	Police Chief Police Deputy Chief Administrative Assistant Animal Control Officer	Lieutenants on each shift Sergeants on each shift Corporals on each shift
Fire Department	Fire Chief Receptionist Logistics Officer Battalion Chiefs	Fire Deputy Chief Training Lieutenant Fire Marshal Lieutenants

Instructions to Department Head:

It is compulsory that every Purchasing Agent have a good working knowledge of the purchasing regulations. Upon separation from employment, a Purchasing Agent should be replaced by the Department Head by his/her sending the replacement name to the Purchasing Authority. Infractions of the purchasing regulations by a Purchasing Agent will be reviewed by the Purchasing Authority and the City Administrator and may result in reprimand or disciplinary action.

Appendix B: Resolution No. 5636-16

**A RESOLUTION AMENDING RESOLUTION 5470-15
AUTHORIZING USE OF MUNICIPAL CREDIT CARDS BY
CERTAIN OFFICERS AND EMPLOYEES
OF THE CITY OF GULF SHORES**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GULF SHORES, ALABAMA, WHILE IN REGULAR SESSION ON MARCH 14, 2016, as follows:

Section 1. That Resolution 5470-15, authorizing Use of Municipal Credit Cards by Certain Officers and Employees of the City of Gulf Shores, be and is hereby amended by adding certain positions and amounts.

Section 2. That, except as otherwise directed by the City Council hereafter, credit cards issued by MasterCard to the City of Gulf Shores shall be held and usable only by the following City employees:

Job Title	Limit
Mayor	\$6,000
City Administrator	\$6,000
City Councilman	\$4,000
Environmental/Grants Coordinator	\$4,000
Marketing & Economic Development Coordinator	\$4,000
Police Chief	\$4,000
Police Deputy Chief	\$4,000
Animal Control Officer	\$5,000
Police Administrative Supervisor	\$3,500
Police Department #1	\$4,000
Police Department #2	\$4,000
Fire Chief	\$4,000
Fire Deputy Chief	\$5,000
Fire Battalion Chief - A Shift	\$1,000
Fire Battalion Chief - B Shift	\$1,000
Fire Battalion Chief - C Shift	\$1,000
Fire Marshall	\$1,000
Fire Logistics Officer	\$3,000
Fire Department #1	\$4,000
Fire Department #2	\$4,000
Fire Department #3	\$2,000
Fire Department #4	\$2,000
Municipal Court Clerk	\$4,000
Chief Building Official	\$6,000
Director of Planning & Zoning	\$4,000
Purchasing Officer	\$10,000
Purchasing Technician	\$20,000
IT Systems Administrator	\$2,000
Human Resources Officer	\$3,000
Payroll & Benefits Specialist	\$3,000
Recreation & Cultural Affairs Director	\$6,000
Recreation & Cultural Affairs Assistant Director	\$3,000
Special Events Programs & Events Manager	\$3,000
Special Events Programs & Events Supervisor	\$3,000
Cultural Center Program & Events Supervisor	\$2,000

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City of Gulf Shores, Alabama

Retail Operations Coordinator	\$3,000
Parks & Facilities Manager	\$5,000
Recreation Manager	\$3,000
Managing Librarian	\$1,000
Museum Administrator	\$1,000
Public Works Director	\$4,000
Assistant Public Works Director	\$1,000
Public Works Supervisor - Maintenance	\$3,000
Public Works Supervisor - Horticulture	\$3,000
Public Works Supervisor - Custodial	\$3,000
Public Works Supervisor - Streets	\$1,000
Construction/Sustainability Officer	\$1,000
Facility Maintenance Tech, Senior	\$3,000
Facility Maintenance Tech, Senior (Traffic Signals)	\$3,000
Vehicle Equipment Mechanic, Senior	\$3,000
Public Works Courier	\$5,000
Disaster Card #1	\$5,000
Disaster Card #2	\$20,000
Disaster Card #3	\$5,000
Disaster Card #4	\$20,000
Disaster Card #5	\$5,000
Disaster Card #6	\$5,000
Disaster Card #7	\$5,000
Disaster Card #8	\$5,000
Disaster Card #9	\$5,000
Disaster Card #10	\$5,000

With the written approval of the Mayor or City Administrator, or in their absence the City Clerk, a credit card held and usable by one of the above named individuals may be assigned for temporary use by another employee subject to all terms and limitations of this resolution.

Section 3. That each of the above named employees of the City of Gulf Shores is hereby authorized by the City Council of the City of Gulf Shores to incur charges on such credit cards for (a) the purchase of goods and services for the account of the City in connection with the performance of his or her duties incidental to the management or control of the affairs of the City, (b) out-of-town travel specifically authorized in advance by the Council, or (c) out-of-town travel otherwise required in the performance of his or her duties incidental to the management or control of the affairs of the City. Except as otherwise specifically authorized in advance by the Council, no employee shall utilize such credit cards to incur charges in excess of the limits stated above for the purchase of goods and services.

Section 4. That any employee utilizing such credit cards to incur charges file an itemized statement and explanation of all charges incurred.

Section 5. That any officer or employee utilizing such credit cards to incur charges in connection with out-of-town travel shall, upon his or her return, file an itemized statement and explanation of all charges incurred in the manner described in *Code of Alabama 1975, Section 36-7-4*.

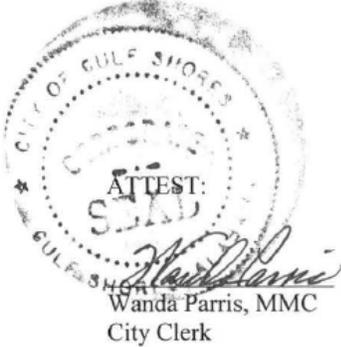
Section 6. That upon submission for payment by the City Council after audit and certification by the City Clerk as provided in *Code of Alabama 1975, Section 11-43-101*, no credit card charges shall be paid utilizing the funds of the City treasury incurred in nonconformity with this or any other authorizing resolution of the City Council. To the extent that charges are determined by the City Council to have been incurred other than in conformity with this or any other authorizing resolution of the City Council, the employee responsible for the incurring of such charges shall pay such charges personally and the Council may direct that the amount of such charges be deducted from any sum then or in the future owed by the City to such employee.

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City of Gulf Shores, Alabama

Section 7. That with respect to purchases and expenditures on behalf of the City, all such purchases and expenditures shall be in conformity with all written purchasing policies and procedures of the City as in effect from time-to-time including Resolution 4719-09, Designating Council Control over Expenditures.

Section 8. That this Resolution shall become effective upon its adoption.

ADOPTED this 14th day of March, 2016.



ATTEST:
Wanda Parris
Wanda Parris, MMC
City Clerk



Robert Craft, Mayor