



SMALL TOWN, BIG BEACH™

TO: Mayor Craft and Members of the City Council

FROM: Temple Smith, Purchasing Officer

DATE: March 10, 2020

ISSUE: Raise the quote limit in the City Purchasing Manual. Currently the City requires quotes 3 written quotes on any purchase above \$500; this request is to raise that limit to \$2,500. Local governments in our area have limits similar to our recommendation, with limits from \$1,000-2,500. This would eliminate employees spending numerous hours tracking down 3 written quotes for \$500.

RECOMMENDATION: Amend the following Purchasing Manual Sections to raise the limit requiring written quotes as follows:

- **II. General Guidelines, Item E –**

Revise the language to read as follows:

<u>Amounts</u>	<u>Request</u>	<u>Method of Pricing</u>
All Goods and Services:		
\$500 – \$2,499.99	No quote	Electronic Purchase Order required.
\$2,500.00 – \$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 – \$2,499.99	No Quote	Electronic Purchase order required.
\$2,500– \$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		Formal sealed bids (<i>Code of Alabama</i> , Section 39-2-2)

- **VI. General Purchasing Procedures, Item B:**

Revise the language to read as follows:

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. For purchases above \$2500.00, the purchase requisition must include a summary of quotations received, to include vendor name and pricing.

- **VIII, Procedure for Electronic Requisitions/Purchase Orders, Item A:**

Revise the language to read as follows:

- A. Before making a purchase of \$500 or more, an employee must submit an electronic purchase requisition. For purchase above \$2500, the purchase requisition must include a summary of quotations received, to include vendor name and pricing.

BACKGROUND: Currently the City requires 3 written quotes for purchases \$500 and above. Other local municipalities (Foley and Orange Beach) have higher thresholds of \$2,500.

In 2019, a total of 1319 purchase orders were issued, out of those 636 were below \$2,500.

BUDGET IMPLICATIONS: None

ATTACHMENTS:

- Resolution
- Revised Purchasing Manual

DEPARTMENT: Finance & Administration, Purchasing

STAFF CONTACT: Temple Smith, Purchasing Officer