

COMMISSIONERS' ORDINANCE NO. 0-42-18

AN ORDINANCE AMENDING CHAPTER 35 OF THE COVINGTON CODE OF ORDINANCES, CITY POLICY, TO ESTABLISH CONTRACT APPROVAL AND MANAGEMENT POLICIES.

\* \* \* \*

WHEREAS, the City of Covington Board of Commissioners identified a need for comprehensive contract approval and management policies; and

WHEREAS, upon identification of the need, City staff researched potential solutions to simplify and clarify the manner in which contracts can be approved, executed, and monitored for compliance; and

WHEREAS, the proposed written contract procedures will help ensure the City complies with records retention laws, and establish the use of a user friendly database that will organize all City contracts approved in fiscal year 2019 and beyond in one convenient location; and

WHEREAS, the contract policy will additionally benefit staff by reducing lead time for contract approval on low value agreements of \$20,000.00 or less, as is authorized by the Kentucky Local Model Procurement Code, the City's small purchase procedures, and KRS 83A.150 which controls the City Manager Form of Government; and

WHEREAS, the City Manager and staff recommend that the Board of Commissioners adopt the following policies to create a standard by which all staff are accountable for their roles in contract approval, management, and compliance.

NOW THEREFORE,  
BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE CITY  
OF COVINGTON, KENTON COUNTY, KENTUCKY:

Section 1

That Sections 35.50 through 35.56, which read as follows, are added to and amend the Covington Code of Ordinances:

TITLE III: ADMINISTRATION

CHAPTER 35: CITY POLICY

**CONTRACT APPROVAL AND MANAGEMENT.**

**§ 35.50 DEFINITIONS.**

**For the purpose of this subchapter, the following definitions shall apply unless the context clearly indicates or requires a different meaning.**

**AGENDA ITEM REQUEST FORM.** A form created and maintained by the City Clerk which is utilized in the Board of Commissioners legislative cycle to request that an item, such as a contract or policy, be approved by the Board of Commissioners. The form shall identify the total amount of expenditures to be authorized, whether the expenditure has been budgeted, the source fund for the expenditure and the account number, and the form shall otherwise be compliant with other applicable legal requirements imposed by local ordinance or applicable City policies.

**CONTRACT.** Shall mean all types of City agreements, including grants and orders. It includes awards and notices of award; contracts of a fixed-price, cost, cost plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; leases; letter contracts; and purchase orders. It also includes supplemental agreements with respect to any of the foregoing.

**CONTRACT COVER SHEET.** Forms created and maintained by the City Clerk utilized to obtain signatures on contracts. The form shall identify the total value of the contract, the total amount of city funds to be authorized, whether the expenditure has been budgeted, the source fund for the expenditure and the account number.

**SMALL CONTRACTS.** Contracts which the City Manager has authority to approve, and the Mayor or his or her designee has authority to sign, as described in Section 35.51(B).

**§ 35.51 RESPONSIBILITY AND DELEGATION OF AUTHORITY.**

**(A) Contracts Requiring Commission Approval.** The following types of contracts or agreements shall require Board of Commissioner approval prior to execution:

1. Contracts involving an amount over \$20,000.00;
2. Loans or grants of City funds, including but not limited to economic development incentives, and City incentives;
3. Leases, easements, revocable licenses, or other grants of an interest in City-owned real property;
4. Receipt of Federal or State or philanthropic grants, and contracts requiring an in-kind match of City services or staff time; and
5. Intergovernmental agreements.

**The Mayor shall be solely authorized to execute contracts requiring Board of Commissioner approval. If the Mayor is not available, the Vice-Mayor may execute the contract in his or her stead.**



**(B) Small Contracts. In accordance with KRS 83A.150(9), the Board of Commissioners hereby delegates to the City Manager the authority to approve, and the Mayor the authority to execute "Small Contracts." Small Contracts are any other type of agreement not requiring Board of Commissioner approval as described above. Approval and signature of Small Contracts shall be subject to the following additional provisions:**

- 1. If the Small Contract involves an expenditure of funds, the funds for the expenditure must be appropriated in the budget previously approved by the Board of Commissioners.**
- 2. If the Mayor is not available, the Vice-Mayor may execute the contract in his or her stead. If the Vice-Mayor is not available, the Mayor is authorized to appoint the City Manager as his or her designee for Small Contract signatures.**

**(C) The City Manager shall be responsible for providing a quarterly report to the Board of Commissioners on all contracts approved by the City Manager and the Mayor in the preceding quarter. The report shall identify the vendor, amount of the contract, date of approval, and purpose of the contract. Based on the reporting provided by the City Manager, the Board of Commissioners reserves the right to set policies on various contract categories that would otherwise be eligible for City Manager approval.**

**§ 35.52 ENCUMBERANCE OF FUNDS.**

**For any contract involving the expenditure of City funds, the departments head(s) responsible for managing the contract shall first ensure an adequate amount of funds are identified, available, and encumbered for the specific contract prior to recommending approval of the agreement to the City Manager or Board of Commissioners.**

**§ 35.53 REVIEW BY CITY SOLICITOR.**

**All contracts must be reviewed and approved by the Office of the City Solicitor prior to execution.**

**§ 35.54 ROUTING CONTRACTS FOR INTERNAL APPROVAL.**

**(A) The City Clerk is designated with the duty of creating Agenda Item Request Forms and Contract Cover Sheets, to be utilized in obtaining internal approvals for contracts.**

**(B) Requests for approval of all Small Contracts shall be undertaken according to the following procedures:**

- (1) When a need for a Small Contract is identified, the originating department shall, as soon as is practicable, request the City Solicitor's Office to review or draft the appropriate agreement.
- (2) After the contract is approved by the City Solicitor's Office and all non-City parties to the contract, the requesting department shall fill out a "Small Contract Cover Sheet" and transmit the form, with a final version of the contract attached, to the City Clerk.
- (3) The City Clerk shall transmit the contract first to the City Solicitor's Office, then the Finance Department, then to the City Manager for approval, and finally to the Mayor or his or her designee for signature.

(C) Requests for approval of contracts that are not Small Contracts and therefore require Board of Commissioners approval shall be undertaken according to the following procedures:

- (1) Each calendar year, the City Clerk disseminates a list of regularly scheduled business meetings of the Board of Commissioner meetings to City staff. The City Clerk's duties also include establishing corresponding internal Agenda Item Request Form submission deadlines, and "Staff Meeting" dates at which City staff discuss Agenda Item Request Forms for the upcoming business meetings of the Board of Commissioners. Departments shall make note of the applicable deadlines and plan contract approval requests accordingly.
- (2) Official requests for Board of Commissioner approval of contracts shall be achieved through an "Agenda Item Request Form" which is submitted to the City Clerk.
- (3) When a need for a contract is identified, the originating department shall, as soon as is practicable, request the City Solicitor's Office to review or draft the appropriate agreement. All contracts must be reviewed and approved by the City Solicitor's Office prior to the submission of an Agenda Item Request Form. City staff shall make all reasonable efforts to submit contract drafting and review requests to the City Solicitor's Office at least 1 week prior to Agenda Item Request Form submission due dates.



- (4) All contracts shall be approved as to terms by all non-City parties prior to submission of an Agenda Item Request Form.
- (5) Contracts shall be in final form when submitted with an Agenda Item Request Form. No changes to the terms on an agreement may be made after the contract is submitted to the Board of Commissioners for review, unless authorized by the Board of Commissioners.
- (6) A complete copy of the contract shall be attached to the Order for consideration by the Board of Commissioners.

§ 35.55 CONTRACT EXECUTION.

(A) Department heads shall be responsible for obtaining signatures of all non-City parties to a contract. Non-City signatures shall be obtained prior to seeking City signatures, except when a conflicting policy of the non-City entity exists, or when time will not permit. Original signatures, meaning wet ink signatures on paper, should be obtained whenever possible.

(B) The City Clerk's office shall utilize a "Contract Cover Sheet" for obtaining internal signatures. One Contract Cover Sheet shall be utilized for Small Contracts, and a separate cover sheet for all other agreements. Department heads shall be responsible for completing the appropriate Contract Cover Sheet and attaching it to any contract which requires signature by the Mayor. The appropriate department head(s) shall ensure that the Contract Cover Sheet contains, at a minimum, the following information about the agreement: the vendor, amount of the contract, date of approval, date of termination, renewal terms, and the purpose of the contract.

(C) For ease of understanding, internal approval of Small Contracts by the City Manager and execution by the Mayor may occur at the same time, utilizing one Contract Cover Sheet.

(D) Department heads shall transmit contracts ready for execution to the City Clerk. The City Clerk, or the acting City Clerk if the City Clerk is otherwise unavailable, shall obtain the signature of the Mayor. No other individual shall be permitted to submit a contract for signature, without the express authority of the City Manager.

(E) All contracts routed for execution shall contain at least two copies of the agreement.

(F) An original and fully executed version of every City contract shall be submitted to and maintained by the City Clerk. The City Clerk shall

maintain a register of all contracts, with the approving legislation number, name of all non-City contracting parties, and a reference to the physical location of the contract, in addition to and independent of the City's contract management software.

(G) Department heads shall be responsible for providing a copy of the fully executed contract to all non-City contracting parties.

**§.35.56 CONTRACT DATABASE.**

(A) Once a contract has been fully executed, the City Clerk or his or her designee shall upload the agreement to the City's contract management software.

(B) Utilizing the Contract Cover Sheet completed by the applicable department, the City Clerk or his or her designee shall update the contract management software with relevant information regarding the contract, i.e. term, contract price, expiration date.

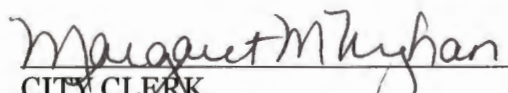
(C) Individual department heads shall retain the ultimate responsibility for monitoring renewals and compliance with terms of all contracts generated in their office. In addition, the Office of the City Clerk shall keep a notification system identifying the termination date of contracts, with sufficient advance notice to negotiate renewals, where applicable, on a timely basis. The City Clerk shall provide the Procurement Officer access to alerts in the notification system.

Section 2

That this ordinance shall take effect and be in full force when passed, published, and recorded according to law.

  
MAYOR

ATTEST:

  
CITY CLERK

Passed: 12-11-18 (Second Reading)

11-20-18 (First Reading)

Meeting Date:					
ORD.: 1ST		2ND			
OR:					
	Z Downing	Huizenga	Wells	I Williams	Meyer
Yeas	✓	✓	✓	✓	✓
Nays					
Present, not Voting					