



**CITY OF
COVINGTON
KENTUCKY**

**CITY OF COVINGTON, KENTUCKY
PROCUREMENT MANUAL**

***FINANCE DEPARTMENT
20 WEST PIKE STREET
COVINGTON, KY 41011***

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1. INTRODUCTION TO PROCUREMENT

1.1 Purpose

This Procurement Manual (“Manual”) establishes guidelines and procedures associated with purchasing, buying, renting, leasing, or otherwise obtaining any goods or services, or any combination thereof, on behalf of the City of Covington, Kentucky (“City”).

As stewards of taxpayer dollars, all City employees, officials and representatives maintain a responsibility to conduct procurement in a deliberate, ethical, and transparent manner. The mission of this policy can be summarized as such:

- (i) To manage the procurement process in accordance with the law;
- (ii) To promote public confidence in the integrity and transparency of procurement procedures followed by the City;
- (iii) To ensure fair and equitable treatment of all people who participate in the purchasing system;
- (iv) To maximize economy in purchasing activities and, to the fullest extent possible, the purchasing value of City funds.

1.2 Authority

This Manual, together with the City’s Procurement Ordinance, (*Covington Code of Ordinances, Chapter 35, Sections 35.60 through 35.81*), shall govern all procurement activities of the City. The City observes the statutory guidelines of the Kentucky Local Model Procurement Code, KRS 45A.345 through 45A.460, for Citywide procurement activities.

The administration and designation of authority for all City procurement is vested in the City Manager. The City Manager may delegate such authority as may be appropriate and necessary for the proper performance of the procurement function. It should be understood that any reference to the City Manager within this policy shall mean either the City Manager or his/ her designee.

The City maintains a system of **decentralized procurement**. As such, City employees may be tasked with certain procurement activities as a requirement of their position. A City employee involved in any facet of purchasing shall be considered an integral part of the City’s purchasing team. Delegation of procurement authority to departments encourages user involvement and expedites the entire purchasing process, allowing procuring departments to obtain products or services in the most efficient manner possible.

1.3 Definitions

Addendum/ Addenda – shall mean a written document that revises, modified, or updates a formal solicitation. A formal solicitation may only be revised, modified, or updated through the issuance of an addendum.

Aggregate Value – shall mean the total dollar amount during a fiscal year of items of alike nature, function, and use the need for which can reasonably be determined at the beginning of the fiscal year. Items the need for which cannot reasonably be established in advance or which were unavailable because of a failure of delivery need not be included in the aggregate amount.

Alternative Purchasing Method – An alternative purchasing method which may excuse a procuring department from standard purchasing procedures, as defined in *Section 5. 'Alternative Purchasing Methods'* of this policy.

Board of Commissioners – The City's legislative body or governing body.

Change Order – An order which authorizes the revision of work which is required as a result of unanticipated developments that arise during the performance of a contract, as detailed in *Section 6.8 'Contract Amendments/ Change Orders'* of this policy.

City Manager – The administration and designation of authority for all City procurement is vested in the City Manager. The City Manager may delegate such authority as may be appropriate and necessary for the proper performance of the procurement function. Any reference to the City Manager stated herein, shall mean the City Manager or his or her designee.

Contract – shall mean all types of City agreements, including grants and orders for the purchase or disposal of supplies, services, construction, or any other item. 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. It does not include labor contracts with employees of local public agencies.

Contract Database – A reference to the City's contract management software.

Credit Card Plan Administrator –The City's Credit Card Plan Administrator oversees the City's credit card program. The Plan Administrator receives card requests and inquiries, serves as the primary contact between the City and the service provider, resolves issues, and monitors the cards for use and appropriateness.

Department Head – Department Heads are responsible for the day-to-day management and oversight of departmental procurement functions. This includes both (i) large and small dollar; and (ii) informal and formal, procurement. The responsibilities of Department Heads are defined in *Section 1.4, 'Procurement Generally.'*

Equivalent – shall mean an item that is equal in quality, durability, strength, design, and other criteria deemed appropriate, which will perform at least equally in function, and which conforms substantially to the items or materials requested.

Ethics Code – City officers, employees, agents, and representatives are obligated to abide by and uphold the City's Ethics Code in the performance of all official duties or capacities, including that of procurement. *Covington Code of Ordinances, Chapter 36.*

Finance Director – The Finance Director shall oversee the operations of all City procurement. The responsibilities of the Finance Director are defined in *Section 1.4, 'Procurement Generally.'* The Finance Director may delegate such authority as may be appropriate and necessary for the proper performance of the procurement function. Any reference to the Finance Director stated herein, shall mean the Finance Director or his or her designee.

Formal Solicitation – The City has adopted the Kentucky Local Model Procurement Code, which requires any purchase or contract whose aggregate value equals or exceeds \$30,000.00 to be formally and publicly solicited. The City's formal solicitation procedures are detailed in *Section 4. 'Formal Solicitation/ Purchases Costing \$30,000.00 or More'* of this policy.

Good Faith – Requires all procurement functions to be conducted in a fair, ethical, and transparent manner, and in the overall best interest of the City. Procurement requirements shall not be parceled, split, divided, or scheduled over a period of time in order to subvert the intent of this Manual, or the City's Procurement Ordinance.

Invitation for Bids (IFB) – shall means all documents, whether attached or incorporated by reference, utilized for soliciting bids in accordance with the procedures set forth in Section 4.1, 'Competitive Sealed Bidding.'

Kentucky Local Model Procurement Code – The City observes the statutory guidelines of the Kentucky Local Model Procurement Code, KRS 45A.345 through 45A.460, for all procurement activities.

Occupational License – A license required by the City (*see Covington Code of Ordinances, Chapter 110*) for every person or business entity who engages in the performance of business activities within the City.

Petty Cash – The City provides cash funds to departments for authorized transactions of a menial nature. Petty cash payments are not to exceed \$25.00 in cost, and are managed by the City’s Finance Department and the departmental petty cash custodian.

Procurement – shall be defined as the purchasing, buying, renting, leasing, or otherwise obtaining of any goods, services or combination thereof on behalf, or request, of the City of Covington, Kentucky. Which includes all functions that pertain to public procurement, formal or informal, including the description of specifications, solicitation, preparation, and award of contract, and all phases of contract administration.

Procurement Manual – shall mean a reference to this Manual, in its entirety. Which defines and establishes the guidelines and procedures of City procurement, and which shall be maintained, audited and revised by the City’s Finance Department, as needed and at a minimum, annually.

Procurement Officer – A reference to the City’s Procurement Officer. A role that was intended to improve upon the City’s purchasing practices through strategic focus on organizational spending and economies of scale. The Procurement Officer’s primary functions include (i) creating, implementing and managing procurement policies and procedures; and (ii) assisting departments in the application of these policies, and the operation of departmental procurement; to (iii) provide employee training; and (iv) oversee the sale and disposal of surplus property.

Procurement Ordinance – The City has codified a procurement policy into its ‘Code of Ordinances,’ which outlines the statutory requirements of City procurement. The Procurement Ordinance, together with this Manual, provide a comprehensive plan for Citywide procurement. *Covington Code of Ordinances, Chapter 35, Sections 35.60 through 35.81.*

Purchase Order – shall mean a request for payment/ approval for purchase that is entered into the City’s accounting system. A purchase order is generated for every payment request within the City, exclusive of petty cash purchases.

Qualified Purchasing Exception Form (QPEF) – A form, provided by the Finance Department, that is required to be completed when a procuring department utilizes an *Alternative Purchasing Method*. When utilized, a QPEF may excuse the procuring department from standard purchasing procedures.

Request for Proposals (RFP) – shall mean all documents, whether attached or incorporated by reference, utilized for soliciting proposals in accordance with the procedures set forth in Section 4.2, ‘Competitive Negotiation.’

Shall – means imperative.

Small Purchase Authority - The City is authorized under KRS 45A.385 to use small purchase procedures for any purchase or contract whose aggregate value is determined to be \$29,999.99 or less. The City's small purchase procedures are detailed in *Section 3. 'Small Purchase Procedures/ Purchases Costing \$29,999.99 or less'* of this policy.

Specifications – shall mean any description of a physical or functional characteristic of a supply, service, or construction item. Which may include details of how a product or service should be tested, inspected, and measured; or how a product or service should perform, be prepared, or supplied.

Surplus Materials - Items or materials that have become obsolete, duplicative, beyond life, or unnecessary in to the operation of the department. The City observes the provisions of KRS 45A.425 as it relates to the disposition of City owned personal property.

Tax-Exemption – The City is a sales and use tax exempt entity. The City's tax-exempt certification may be obtained from the Finance Department, upon request.

1.4 Procurement Generally

City purchasing is facilitated through the City's accounting software system, which utilizes purchase orders, automated workflows, and various approvals to validate purchases. ***The City maintains a system of decentralized procurement, as departments are tasked with various levels of acquisition, input, and approval.*** Periodic training courses for City employees involved in the procurement process are available through the Finance Department.

All procurement authority of the City is vested in the City Manager. Further, the City Manager shall be responsible for the following procurement functions: (i) recommending for award to the City's Board of Commissioners the purchase of goods or services in excess of \$30,000; and (ii) maintaining final authority over all City procurement, including, but not limited to, vendor eligibility and application of waiver.

The City's Finance Director shall retain responsibility for the following procurement functions: (i) overseeing the City's purchasing functions; (ii) recommending and administering purchasing policies and procedures, and defining how to obtain savings on City purchases; (iii) coordinating purchasing procedures with City departments; (iv) working with City departments to establish standardization of materials, supplies, and equipment where practical; (v) assisting City departments in the administration of formal solicitations; (vi) determining eligibility of vendors to do business with the City; (vii) providing final approval over all City purchase orders.

City Department Heads shall be responsible for the following procurement functions: (i) ensuring ongoing departmental compliance with the City's purchasing policies and

procedures; (ii) designating and monitoring departmental staff who maintain active participation in the City's purchasing activities; (iii) generating and approving all departmental purchase orders, as necessary; (iv) preparing acceptable, technically written specifications necessary to a formal solicitation or request for quotation.

1.5 Tax-Exemption

As a governmental entity, the City is exempt from sales and use tax. All solicitations and contracts shall provide that the City is a sales tax-exempt entity. Procuring departments shall ensure that all purchases made on behalf of the City do not include sales and use tax. The City's tax-exempt certification may be obtained through the City's Finance Department, upon request.

1.6 Occupational License Requirement

Vendors seeking to perform or engage in work within the City must be in compliance with Covington Code of Ordinance, Chapter 110, regarding business licenses. The City shall not engage with Vendors who fail to adhere to the lawful requirements of Covington Code of Ordinances, Chapter 110, regarding business licenses.

1.7 Ethics in Procurement

The City is committed to ethical, transparent, and unbiased procurement practices. When engaging in any facet of City procurement City employees, officials or representatives must observe and strictly adhere to the City's Ethics Code, (*Covington Code of Ordinances, Chapter 36*), and KRS 45A.450 which obligates individuals involved in the procurement process to discharge their duties and responsibilities fairly and impartially. City employees, officials, or representatives participating in any facet of City procurement shall be required to abide by and uphold the City's ethical standards. The City's strict adherence to the standards and procedures defined by this Manual, and the City's Procurement Ordinance, is paramount to maintaining public trust and the integrity of the procurement process.

1.8 Gifts

No City employee or officer shall directly or indirectly through any other person or business, solicit or accept any gift having a fair market value of more than \$100, whether in the form of money, service, loan, travel, entertainment, hospitality, thing or promise, or any other form under circumstances in which it could reasonably be inferred that the gift was intended to influence or could reasonably be expected to influence the officer or employee in the performance of his or her public duties. (*City's Ethics Code, Covington Code of Ordinances, Chapter 36*).

1.9 Conflicts of Interest

The City observes the provisions of KRS 45A.455, which details a conflict of interest as follows:

(1) It shall be a breach of ethical standards for any City employee or official with procurement authority to participate directly in any proceeding or application; request for ruling or other determination; claim or controversy; or other particular matter pertaining to any contract, or subcontract, and any solicitation or proposal therefor, in which to their knowledge:

(a) They, or any member of their immediate family has a financial interest therein; or

(b) A business or organization in which they or any member of their immediate family has a financial interest as an officer, director, trustee, partner, or employee, is a party; or

(c) Any other person, business, or organization with whom they or any member of their immediate family is negotiating or has an arrangement concerning prospective employment is a party. Direct or indirect participation shall include but not be limited to involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing, or in any other advisory capacity.

(2) It shall be a breach of ethical standards for any person to offer, give, or agree to give any City employee, official or former employee, or for any City employee, official or former employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment, in connection with any decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or purchase standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling or other determination, claim or controversy, or other particular matter, pertaining to any contract or subcontract and any solicitation or proposal therefor.

(3) It is a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or any person associated therewith, as an inducement for the award of a subcontract or order.

(4) The prohibition against conflicts of interest, gratuities, kickbacks shall be conspicuously set forth in every City contract and solicitation therefor.

(5) It shall be a breach of ethical standards for any City employee, official, or former employee knowingly to use confidential information for his actual or anticipated personal gain, or the actual or anticipated personal gain of any other person.

When confronted with a conflict of interest, City employees, officials, or representatives must completely abstain or recuse themselves from making decisions about, taking actions towards, participating in, or influencing in any regard, the procurement or contract at issue.

1.10 Equal Business Opportunity

It is the intent and desire of the City to promote full and equal business opportunities for all persons and entities. Further, it shall be considered an unlawful practice for any employee or official of the City to fail to: (i) refuse to hire; or (ii) discourage any individual or business from the participation in; or (iii) in any manner discriminate towards; an individual or business desiring to participate in City procurement based on disability, age, sex, race, color, religion, ancestry, national origin, sexual orientation or gender identity (City of Covington Code of Ordinance § 37.08). Any individual or business claiming to be aggrieved by a violation of this provision may, within ninety (90) days of the alleged violation or within thirty (30) days of the dismissal of a charge or complaint concerning the same matter by another governmental agency or state or federal court without a final judgment on the merits, whichever last occurs, file a written complaint with the City Manager. The City Manager may designate an agent to administer, evaluate, and investigate the complaint in accordance with the provisions of Covington Code of Ordinance § 37.10.

It is the obligation of the City when procuring services or goods with federal, state, or other funding which requires adherence to specific business equality standards, in addition to the requirements described herein, to abide by those standards in their entirety, and wholly disclose them in any public solicitation, which may result in the expenditure of those funds.

2. STANDARD PURCHASING PROCEDURES

2.1 Determinations

The first and primary steps to any procurement action including (i) identifying the need for the particular good or service; and (ii) confirming the availability of adequate funds. **Identifying need** shall include addressing the following considerations:

- Quantity and quality (specifications) of goods or services to be purchased.
- Reasonable cost estimates for the procurement, from multiple sources. This includes making a reasonable determination of the 'aggregate value' of the purchase to be made over the fiscal year.
- Verification of the eligibility of potential vendors who are capable of supplying you with the desired goods or services.
- The type of procurement needed; either small purchasing, formal solicitation, or an alternative purchasing method permitted by this policy.

Confirming the availability of adequate funding is a fundamental requirement to any procurement action. This process requires procuring personnel to confirm that adequate funding is both budgeted and appropriated accordingly, prior to facilitating a purchase. Failure to confirm adequate funding prior to a purchase, may result in the procurement or contract being classified as an unauthorized purchase (see *Section 2.6 'Unauthorized Purchases'*).

2.2 Purchasing Classifications

2.2.1 Small Purchase Authority

Which can be defined as those purchases whose aggregate value is determined to be \$29,999.99 or less in a fiscal year. Procuring personnel shall be required to obtain three (3) or more written quotes for purchases over \$5,000.00 and under \$29,999.99. When three (3) or more quotes cannot be obtained for reasons outlined in *Section 5* of this Manual, the procuring department shall be required to complete and submit a '*Qualified Purchasing Exception Form*' with their purchase request.

2.2.2 Formal Solicitation

Which is the public solicitation of a procurement request; Formal solicitation is a requirement for purchases whose aggregate value is determined to be \$30,000.00 or more in a fiscal year. In accordance with the Kentucky Model Procurement Code, KRS 45A.365, all contracts or purchases whose aggregate cost equals or exceeds \$30,000.00 shall be awarded via competitive sealed bidding through an Invitation for Bids (IFB), which may include the use of a reverse auction.

2.2.3 Alternative Purchasing Method

Which includes the application of non-competitive negotiation and cooperative purchasing methods. When utilizing an alternative purchasing method, the procuring department shall be required to complete and submit a *'Qualified Purchasing Exception Form'* with their purchase request.

2.3 Purchase Orders

A purchase order is required for every payment request within the City, exclusive of petty cash purchases. Purchase orders receive various levels of approval, as requests are originated at the Department level, approved by Department Heads, and receive final approval for payment from the Finance Director. All purchase order requests originate in the City's accounting software and are input through a unique accounting code designated to each department. Purchase orders utilize an electronic workflow to obtain all necessary approvals. All purchase orders require varying levels of *'necessary documentation,'* to validate the expense. Necessary documentation may include, but is not limited to a valid invoice, multiple quotes, an authorized contract, an approved Order, proof of receipt, and any other valid documentation necessary to the transaction. Once a purchase order has been entered and approved, and the item or services have been received or billed, the departmental administrator can pull the purchase order into the City's accounts payable module, attach the necessary documentation, and generate a workflow for payment. The payment will then flow through the City's cash disbursement process.

In accordance with *Section 3.2* of this manual, all purchase order requests between \$5,000.00 and \$29,999.99 dollars are required to have three (3) or more written quotes attached as necessary documentation to the request, or an authorized *'qualified purchasing exception form,'* when permissible. All purchase order requests in excess of \$30,000.00 dollars shall require the attachment of an executed Order as credible documentation to a purchase order.

2.4 Purchase Order Exemptions

Certain purchases may be exempt from the purchase order process. These purchases cover areas where the formal solicitation process and/or the quotation process are not applicable, or where a check is required to be issued in advance of purchase. Departments who can validate a need for a purchase order exemption, not already listed below, may provide a memorandum of justification to the City's Finance Director for review. If the exemption is granted, all departments will be notified and the exemption will be added to the official exemption list below.

Payments related to exemptions shall not require the advance issuance of a purchase order. Instead, such payments can be directly input into the City's accounting software as a payment voucher. The ability to generate a direct payment voucher is highly restricted and vested in the City's Finance Director. When a purchase order exemption

is present, an invoice, or some other form of authorized documentation, should be forwarded directly to the City's Finance Department for processing.

Permissible purchases exempt from the purchase order process include, but may not be limited to:

- Travel advances
- Travel settlements
- Expense advances
- Educational costs
- Subscriptions to trade publications
- Insurance claims
- Reimbursement of expenses
- Medical payments
- Newspaper advertisements and notices
- Dues to approved organizations
- Courier services
- Payments to other governmental units
- Utility payments
- Refunds
- Housing assistance payments
- Housing relocation payments
- Housing rehabilitation payments
- Registration fees
- Petty Cash payments
- Clothing allowances purchases
- Purchases reimbursed through petty cash
- Grant and/or loan payments
- Debt service payments
- Insurance premiums or administrative fees
- Trustee fees
- Zone change application fees

2.5 Petty Cash Purchases

The City provides petty cash funds to departments for authorized transactions of a menial nature. Petty cash payments shall not exceed \$25.00 in cost. Each department that maintains a petty cash fund shall be required to designate a petty cash custodian. It is the responsibility of the petty cash custodian, within each department, to ensure that the petty cash fund is secured at all times. Access to the secured cash box is limited to the petty cash custodian, no exceptions. The petty cash custodian shall record any expenditures from the petty cash allowance, at the time of transaction or shortly thereafter.

A listing of petty cash custodians and their coordinating assigned petty funds shall be maintained by the City's Finance Department. The City's Finance Department is responsible for reconciling all petty cash funds upon a request for replenishment, and at the end of each fiscal year. At the end of each fiscal year, the City's Finance Department shall record all petty cash expenditures into the City's accounting system.

2.6 Unauthorized Purchases

Purchases made contrary to this Manual, or the City's Procurement Ordinance, may be considered void and not considered an obligation of the City. Any willful violation of the City's purchasing policies and procedures may result in the procuring employee, or authorizing agent, being personally liable for the cost of the purchase and subjected to disciplinary action up to and including termination. Unauthorized and/ or inappropriate purchases include, but are not limited to, the following.

- Items for personal use;
- Items for non-official City purposes;
- Items purchased without Supervisor approval;
- Cash back or cash advances, with the exception of travel advancements through the City;
- Salaries and wages of City employees;
- Money orders and/ or travelers checks;
- Alcoholic beverages;

With the exception of an emergency purchase, no purchase shall be made, or authorized, until the procuring department has made the necessary determination that complete funding is available and budgeted accordingly. It is the City's policy that adequate funds should be located and budgeted accordingly, prior to purchasing or contracting for goods or services.

2.7 Receiving

It is the responsibility of individual departments to receive purchased goods and services in accordance with the terms and conditions identified in the purchase order or contract. Departments shall be responsible for resolving any delivery or quality control issues prior to the approval of payment. Departments may escalate a dispute to the City's Legal Department, when necessary. Departments shall also be responsible for coordinating any necessary returns to a Vendor, and obtaining a qualified refund of public funds.

2.8 Credit Cards

2.8.1 Generally

Cards are issued to City employees whose job duties and responsibilities include the purchasing of goods and/or services required to facilitate official City business. Participating employees have a responsibility to safeguard the card as City property and

to maintain confidentiality of all pertinent card information (i.e., including but not limited to card numbers, login information, PINs, physical storage location). Card requests should be made by Department Heads to the City's Credit Card Plan Administrator; the Plan Administrator will make a qualified recommendation to the Finance Director. The Finance Director shall either approve or deny the request based on a collective review of departmental needs and controls.

Prior to card issuance, City employees are required to complete (i) an employee authorization agreement; and (ii) a confirmation of receipt. These documents must be signed and returned to the Finance Department in order to generate a cardholder account. Cards are established and issued in individual employee names by the City's credit card service provider. Credit limitations are assigned to cards based upon departmental considerations and associated job responsibilities of the cardholder. Cards are restricted and monitored for use by the City's Finance Department. The Finance Department conducts a monthly reconciliation of all cards and transactions, to ensure a proper accounting of all charges.

2.8.2 Transactions

To maintain an efficient reconciliation of cards, and prompt payment to the City's service provider, Departments shall be responsible for creating a purchase order for each cardholder transaction prior to, or immediately following, the point of purchase. The Finance Department is the recipient of monthly statements from the service provider. The Finance Department will forward monthly statements to applicable Departments. In turn, it is each Department's administrative responsibility to ensure all credit card transactions listed on the monthly statement: (1) have a coordinating purchase order in the accounting system; and (2) are supported by necessary documentation, which must be electronically attached to the purchase order. Necessary documentation for a credit card transaction may include an original receipt and/ or a proof of delivery. Failure to promptly enter purchase orders for cardholder transactions, or to provide adequate supporting documentation of credit card transactions, may result in the revocation of card privileges or disciplinary action.

2.8.3 Reporting a Lost/ Stolen Card or Fraud

It is the responsibility of the cardholder employee to report the loss or theft of a City issued credit card, immediately upon discovery. A lost or stolen credit card must be reported directly to the Plan Administrator, who will in-turn notify the City's credit card service provider. The Plan Administrator will be able to take necessary initial security measures to report, deactivate and replace the lost or stolen card.

Should a cardholder employee receive notification of fraudulent activity on their credit card directly from the City's service provider, the cardholder employee shall be required to immediately report this fraud to the Plan Administrator, and coordinate with all involved parties to resolve such issues. Should fraudulent charges occur, it may become necessary for a cardholder employee to work with both the City's service provider and the

Plan Administrator to complete an affidavit disputing any fraudulent charges on their account. The cardholder employee is the first line of defense when protecting the City against fraudulent credit card transactions. Cards should be safeguarded accordingly. Repeated fraudulent activity on an employee's account may result in the revocation of card privileges.

3. SMALL PURCHASE AUTHORITY/ PURCHASES COSTING \$29,999.99 OR LESS

3.1 Generally

The City is authorized under KRS 45A.385 to use small purchase procedures for any purchase or contract whose aggregate value is determined to be \$29,999.99 or less.

3.2 Quotes

For purchases costing \$4,999.99 or less, procuring departments are permitted to utilize their vendor of choice, and shall not be required to submit written price quotes, as credible documentation, with their purchase order. It is important to note, that departments maintain an obligation, when facilitating any City purchase, to observe the remaining provisions and over-arching principles of this Manual, which require ethical, transparent, and economical purchasing and contracting conduct. As stewards of taxpayer dollars the City is obligated to maintain principles of *Good Faith* for every purchasing transaction.

For purchases costing between \$5,000.00 to \$29,999.99 dollars, procuring departments shall solicit three (3) or more written price quotes for the requested goods or services. Quotes must be attached, as necessary documentation, to any purchase order between \$5,000.00 to \$29,999.99 dollars. If three (3) written quotes cannot be obtained based on a valid 'Qualified Purchasing Exception,' as defined by *Section 5* of this Manual, the procuring department shall be required to complete a 'Qualified Purchasing Exception Form' to be submitted with their purchase order request. The City Manager reserves the right to permit the use of a vendor that has not provided the lowest price quote.

More Than	Up To	Solicitation Obligation
\$ 0	\$ 4,999.99	Vendor of Choice.
\$ 5,000	\$ 29,999.99	Three or More Written Quotes.
\$ 30,000	-----	Formal Solicitation Required.

3.3 Good Faith

All City procurement shall be conducted in a fair and ethical manner, in the overall best interest of the City, and in accordance with the intent and principles of this manual. Procurement requirements shall not be parceled, split, divided, or scheduled over a period of time in order to subvert the intent of this Manual, the City' Procurement Ordinance.

4. FORMAL SOLICITATION/ PURCHASES COSTING \$30,000.00 OR MORE

4.1 Competitive Sealed Bidding

4.1.1 Generally

In accordance with the Kentucky Model Procurement Code, KRS 45A.365, all contracts or purchases whose aggregate value equals or exceeds \$30,000.00 shall be awarded via competitive sealed bidding through an Invitation for Bids (IFB), which may include the use of a reverse auction. Competitive sealed bidding shall be the City's default procurement method for public solicitation.

4.1.2 Preparing the IFB

City departments shall coordinate with the City's Finance Department when preparing an IFB. Departments shall be required to assign a departmental representative to the procurement and prepare detailed specifications for the requested goods or services, in accordance with *Section 4.3 'Specifications,'* detailed below. The Finance Department shall prepare, and revise as necessary, general conditions for bidding. The general conditions for bidding shall be applicable to, included in, or incorporated by reference in all solicitations issued by the City. General conditions may be revised or supplement, as necessary, depending on the complexity or nature of a particular procurement. All solicitations shall be reviewed by the Finance Department and the City Solicitor's Office prior to issuance. City staff shall provide a minimum of one week for review.

4.1.3 Advertisement

All Bids shall be required to be advertised for a minimum of (7) days, not including the day of original issuance. Publication to the City's website shall be deemed a sufficient manner of notification. Advertisements shall be made in the legal notices section of the local newspaper when the funding source or contract requires.

4.1.4 Cone of Silence

Once a formal solicitation has been advertised, and until that solicitation has been awarded or cancelled, City personnel or representatives shall refrain from engaging in any communication related to that procurement. This restraint does not include permissible communication, detailed in the solicitation documents, about how direct communication from potential Bidders or Respondents should be communicated and answered.

4.1.5 Pre-Bid Meetings

Depending on the complexity or nature of the procurement a Pre-Bid Meeting may be a beneficial to the procurement process. A Pre-Bid Meeting is a meeting that is hosted by the City for interested Offerors. It is an opportunity for interested parties to view site conditions, observe existing conditions, and ask questions/ receive clarification regarding the nature of the procurement. A Pre-Bid Meeting can be mandatory or optional, when desired. The departmental representative is tasked with hosting the Pre-

Bid Meeting. During the meeting the departmental representative shall be tasked with maintaining a sign-in sheet, and recording any questions and coordinating answers that get communicated so that the City may generate a 'Vendor Questions and Answers Addendum.' The time and location of the Pre-Bid Meeting must be detailed in the solicitation.

4.1.6 Addenda/ Modifications/ Q & A

The only manner in which an IFB may be revised, modified or clarified after issuance, is through written addendum. The Finance Department will issue an addendum in response to any inquiries received, prior to the close of the solicitation period, which changes, adds, or clarifies the terms, provisions, or requirements of the solicitation. Offerors should not rely on any representation, statement, or explanation whether written or verbal, other than those made in the solicitation document or in the addenda issued. Where there appears to be a conflict between the solicitation and any addenda, the last addendum issued shall prevail. It is an Offeror's responsibility to ensure receipt of all addenda, and any accompanying documentation.

The City has an obligation to make the same information available to all interested parties. Addendum shall be advertised in the same manner as the original IFB. The City's departmental representative shall coordinate with the City's Finance Department to ensure all necessary addendum get issued and published to the City's website, in an appropriate manner and amount of time prior to the close of an IFB.

4.1.7 Cancellation prior to Bid Opening

An IFB may be rescinded at any time prior to a submission due date, if it is determined to be in the best interest of the City. Bids, once submitted, may be withdrawn before the time set for bid opening has lapsed by submitting a request for withdrawal in writing to the City Manager at least twenty-four (24) hours before the date and time set for opening. No bid may be withdrawn after the bid opening date.

4.1.8 Submission of Bids

Bids must be submitted in a sealed envelope or package. Bids shall not be opened prior to the date and time scheduled for the public opening. Submission details must be listed within the Bid documents, in sufficient detail. Submission details shall include the date, time, location, and manner, in which a Bid may be submitted.

4.1.9 Opening of Bids

All IFBs shall include detailed final submission instructions. Bidders shall be responsible for submitting their responses in a timely manner and in accordance with submission requirements outlined in the IFB. Bids shall be publicly opened and documented, immediately following the close of the solicitation. Upon opening, a bid sheet shall be created which discloses the identity of the bidding entity and their submitted pricing. The

bid sheet shall be made available for public inspection, upon request, immediately following the opening and recording of bids.

4.1.10 Rejection of All Bids after Opening

The City reserves the right to award a bid in full, in part, or not at all. If it is determined, in writing, that no satisfactory Bid has been received, all Bids may be rejected and new Bids may be invited on the basis of the same or revised specifications. The basis for rejection of all bids and any subsequent action taken with respect to the IFB shall be recorded in writing and maintained in the procurement file relating to the particular procurement.

4.1.11 Evaluation of Bids

Following the public opening, Bids shall be reviewed by the departmental representative and the Finance Department to ensure compliance with the specifications, terms, and conditions listed within the Bid documents. Bid documents shall not be eligible to be examined, inspected, or reviewed by persons of the public until a contract has been awarded, or the procurement process has been cancelled and will not be resolicited.

4.1.12 Waiver of Irregularities

The City reserves the right to waive any informalities and nonconformance of any one or series of bids, which is deemed immaterial and does not prejudice other Bidders. The discretion of waiver is vested in the City Manager; waiver is permissible when determined by the City Manager to be in the best interest of the City.

4.1.13 Award of Contract

Once evaluation is complete, a recommendation for award memorandum shall be prepared by the Finance Department. After a reasonable evaluation, a contract shall be awarded to the responsive and responsible bidder whose bid is either the lowest bid price or the lowest evaluated bid price, as designated in the IFB as the basis for award of the contract. Prior to an award of contract, application of the reciprocal preference shall apply to resident bidder's of the Commonwealth of Kentucky in accordance with KRS 45A.494

4.2 Competitive Negotiation

4.2.1 Generally

In accordance with the Kentucky Model Procurement Code, KRS 45A.370, Competitive negotiations, commonly referred to as a Request for Proposals (RFP), may be used for public procurement when it is determined in writing, that:

- (1) Specifications cannot be made sufficiently specific to permit award on the basis of either the lowest bid price or the lowest evaluated bid price, including, but not limited to, contracts for experimental or developmental research work,

or highly complex equipment which requires technical discussions, and other nonstandard supplies, services, or construction; or

(2) Sealed bidding is inappropriate because the available sources of supply are limited, the time and place of performance cannot be determined in advance, the price is regulated by law, or a fixed price contract is not applicable; or

(3) The bid prices received through sealed bidding are unresponsive or unreasonable as to all or part of the requirements, or are identical or appear to have been the result of collusion; provided each responsible bidder is notified of the intention to negotiate and is given a reasonable opportunity to negotiate, and the negotiated price is lower than the lowest rejected bid by any responsible bidder.

The procedures surrounding an RFP shall mimic the procedures of an IFB, (*as outlined by this Manual above*), except where specifically stated otherwise in the below provisions.

4.2.2 Establishment of Evaluation Criteria

When preparing an RFP departmental staff shall coordinate with the Finance Department to identify measurable and objective criteria upon which returned Proposals will be evaluated and scored. All RFPs shall detail the factors to be considered in the evaluation of Proposals and the relative importance of each factor.

4.2.4 Opening of Proposals

All RFPs shall include detailed submission instructions. Respondents shall be responsible for submitting their responses in a timely manner and in accordance with submission requirements outlined in the Request. Proposals shall not be opened or read publicly.

4.2.5 Evaluation of Proposals

Each submitted Proposal shall be examined by the Departmental Representative and the Finance Department for general compliance. Each submitted Proposal shall receive a scored evaluation. Departments may elect to have multiple individuals evaluate received Proposals. Scored evaluations shall be made in writing, in an authorized format provided by the Finance Department, and maintained within the procurement file. Submitted Proposals that are determined in writing to be reasonably susceptible of being selected for award shall progress to written or oral discussions.

4.2.6 Written or Oral Discussions

Written or oral discussions shall be conducted with all responsible offerors whose submitted Proposals are determined, in writing, to be reasonably susceptible of being selected for award. Discussions shall not disclose any information derived from Proposals submitted by competing offerors. Discussions need not be conducted:

- (i) with respect to prices, where such prices are fixed by law, regulation, or reverse auction, except that consideration shall be given to competitive terms and conditions; or
- (ii) where the time of delivery or performance will not permit discussions; or
- (iii) where it can be clearly demonstrated and documented from the existence of adequate competition or accurate prior cost experience that acceptance of an initial offer without discussion would result in fair and reasonable prices.

Discussions with offerors shall be held in a manner deemed most advantageous to the City, this may include formal, informal, oral, or written discussions, or any combination thereof. If, after discussions with Offerors have concluded, it is determined in writing that no acceptable Proposal has been submitted, all Proposals may be rejected and new Proposals may be requested on the basis of the same or revised terms, or the procurement may be abandoned.

4.2.7 Award of Contract

Award shall be made to the responsible Offeror whose Proposal is determined in writing to be the most advantageous to the City based upon the evaluation factors set forth in the RFP, and the reciprocal preference for resident bidders required by KRS 45A.494 when applicable. A recommendation of award memorandum will be prepared by the Finance Department.

4.3 SPECIFICATIONS

4.3.1 Generally

A Specification/ Scope of Work/ or Scope of Services refers to the description of goods or services to be purchased. Because quality is as important as price, Specifications should be written that will fulfill, but not exceed, the requirements for which the goods and/or services are intended. The City shall use Specifications which assure the maximum practicable competition to meet the departmental or agency need. Specifications should be prepared in a manner that optimizes the relationship between quality and price.

The Finance Department shall require Departments to supply Specifications for any formal solicitation. Departments shall be required to submit qualified specifications to Finance Department staff with their initial request for a formal solicitation. Departments may coordinate with Finance Department staff to review sample Specifications/ Scopes of Work/ Scopes of Services, to assist them in this process. When developing Specifications for a procurement the Department should take consideration why the supplies or services are necessary (the justification), what features/functions are required (the product scope), and how much work needs to be done to be able to accomplish the desired end result (the project scope).

4.3.2 Equivalent

The City shall ensure that every formal solicitation include language which states “that an item equal to that named or described in the specifications may be furnished.” Specifications may identify a sole brand in cases where, it is determined in writing, that existing unique and valid conditions require compatibility, continuity, or conformity with established standards. An item shall be considered equal to the item named or described if, in the opinion of the owner and the design professional responsible for the specifications:

- (i) It is at least equal in quality, durability, strength, design, and other criteria deemed appropriate;
- (ii) It will perform at least equally the function imposed by the general design for the public work being contracted for or the material being purchased; and
- (iii) It conforms substantially to the detailed requirements for the item in the specifications.

Further, a specification which describes a product which is proprietary to one (1) company may be used only when no other kind of specification is reasonably available to describe the requirements.

5. ALTERNATIVE PURCHASING METHODS

Alternative purchasing methods are outlined below. The City may utilize an alternative purchasing method when a determination is made that it is in the City's best interest to do so, or when a determination is made that competition is not feasible and one of the conditions of *Section 5.2, 'Non-Competitive Negotiation'* is present.

Procuring departments utilizing an alternative purchasing method are still obligated under this Manual and the City's Procurement Ordinance, to adhere to the guiding principles of all City procurement which require Good Faith, and ethical, transparent, and unbiased procurement practices. The City Manager may authorize the use of an alternative purchasing method for purchases costing \$29,999.99 or less. The City's Board of Commissioners must authorize the use of an alternative purchasing method for purchases costing \$30,000.00 or more. When utilizing an alternative purchasing method, a procuring department shall not be obligated to attach written price quotes with their purchase order or perform a formal solicitation.

5.1 Qualified Purchasing Exception Form

When a purchasing department desires to utilize an alternative purchasing method, detailed below, they shall be required to complete a 'Qualified Purchasing Exception Form' (QPEF). A QPEF may be obtained through the Finance Department and must be completed and attached to any purchase order utilizing an alternative purchasing method. The Finance Department shall review the completed form and either confirm the request and approve the purchase or deny the request and collaborate with the procuring department as to a resolution.

5.2 Non-Competitive Negotiation

Noncompetitive negotiations can apply to both informal and formal procurement procedures, this includes purchases made under the City's small purchasing authority and purchases costing over \$30,000.00 where no formal solicitation utilized. Noncompetitive negotiations may be used only after a written determination is made that competition is not feasible and one or more of the following conditions exists:

1. An emergency exists which will cause public harm as a result of the delay in competitive procedures;
2. The contract is based upon sole source procurement. Sole source procurement includes the following justifications: (i) the purchase is made from the original manufacturer or provider and there are no regional distributors; (ii) the purchase is made from the only area distributor for the manufacturer or provider; (iii) parts/equipment are not interchangeable with similar parts of another manufacturer; (iv) this is the only known item that will meet the specialized needs of this department or perform the intended

function; (v) parts/equipment are required from this vendor to provide standardization. (*Reliance on a sole source exception shall require additional explanation on the QPEF*).

3. The contract is for the services of a licensed professional, such as attorney, physician, psychiatrist, psychologist, certified public accountant, registered nurse, or educational specialist; a technician such as a plumber, electrician, carpenter, or mechanic; or an artist such as a sculptor, aesthetic painter, or musician, provided, however, that this provision shall not apply to architects or engineers providing construction management services rather than professional architect or engineer services;
4. The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, such as fresh fruits, vegetables, fish or meat;
5. The contract is for replacement parts where the need cannot be reasonably anticipated and stockpiling is not feasible;
6. The contract is for proprietary items for resale;
7. The contract or purchase is for expenditures made on authorized trips outside of the boundaries of the local public agency;
8. The contract is for the purchase of supplies which are sold at public auction or by receiving sealed bids;
9. The contract is for group life insurance, group health and accident insurance, group professional liability insurance, workers' compensation insurance, and unemployment insurance;
10. The contract is for a sale of supplies at reduced prices that will afford a purchase at savings to the local public agency; or
11. The contract is with a private real estate developer and contains a requirement: (a) That the developer increase the size or otherwise improve the collection capacity of the sanitary sewer or storm water pipe serving the affected private real estate development; and (b) That the City pay only the proportional cost of increasing the size, or otherwise improving the collection capacity, of the sanitary sewer or storm water pipe over the original collection capacity.

5.3 Cooperative Purchasing

The City is permitted to engage in cooperative purchasing, as defined by KRS 45A.300 or KRS 45A.420, as long as that engagement is made in the best interest of the City. Cooperative purchasing is a procurement process conducted by or on behalf of one or more public contracting agencies. Cooperative purchasing is a cost-effective and efficient manner of purchasing which combines the buying power of public agencies, and reduces administrative overhead, through a competitive procurement model to capture the best value for common government requirements. The following is a (*non-exclusive*) listing of agencies with whom the City frequently engages in cooperative purchasing with:

- Commonwealth of Kentucky, Master Service Agreements
- Federal Government, GSA contracts (*authorized schedules only*)
- Omnia Partners, *formerly U.S. Communities*
- Sourcing Alliance
- Sourcewell

When utilizing cooperative purchasing, the City, as a participating agency, is not responsible for soliciting or establishing the original contract for procurement but is afforded contract purchasing benefits. Prior to purchasing or contracting from a cooperative, the City is obligated to enter into an agreement with the cooperative agency. However, the City shall not be required to enter into an agreement to engage in cooperative purchasing with State or Federal contracts.

6. CONTRACT AUTHORITY

6.1 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 \$30,000;
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.

6.2 Small Contracts

The City's Board of Commissioners has delegated 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 (or 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.

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.

6.3 Encumbrance 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.

6.4 Review by Legal Department

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

6.5 Routing Contracts for Internal Approval

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.

6.5.1 Small Contract Routing

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.

6.5.2 Contract Requiring Commission Approval, Routing

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.

6.6 Contract Execution

1. 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.
2. 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. 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.
3. 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.
4. All contracts routed for execution shall contain at least two copies of the agreement.
 5. 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.
 6. Department heads shall be responsible for providing a copy of the fully executed contract to all non-City contracting parties.

6.7 Contract Database

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

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.

6.8 Contract Amendments/ Change Orders

6.8.1 Issuance

Change orders may be issued to authorize revised work that is required as a result of unanticipated developments that arise during the performance of a contract. A change order may be issued by the City, provided the revised work can be considered a reasonable part of the original scope and intent of the contract rather than departing from it, and where it clearly would be contrary to the public interest to halt the work and call for bids.

6.8.2 Format

All change orders shall be achieved through written addendums to the applicable contract.

6.8.3 Authority

Change orders that result in a final contract cost in excess of the bid amount accepted by the City may be administratively approved if the changes made are in accordance

with this chapter, executed in writing, and approved by the appropriate authorized signatory.

1. City Manager. The City Manager may approve and execute change orders for any contract up to an amount, in the aggregate, equal to 10 percent of the original contract price authorized by the City to complete the work contemplated, if the project was budgeted with a 10 percent contingency for potential change orders.
2. Board of Commissioners. The Board of Commissioners may authorize any change order by a majority vote. The Board of Commissioners shall have sole authority to approve change orders not within the powers delegated to the City Manager above.

6.8.4 Fiscal Responsibility of Department Heads

Department heads shall apprise the Finance Director of all anticipated and actual fiscal obligations of contracts and change orders, and shall verify sufficient funds are available to cover said obligations of the City prior to seeking contracts or requesting change orders.

7. GRANTS

Departments interested in participating in or applying for grant funds shall coordinate with the City's Grants Administrator, as an initial requirement of the grant process. The City Manager is hereby authorized to sign grant applications on behalf of the City. Board of Commissioners approval shall not be required for the submission of any grant application. After notice of an award, the grant agreements shall follow the applicable contract approval and execution procedures.

When procuring or contracting for goods or services with grant funds the procuring department is obligated to adhere to the stricter of the grant requirements or the City's procurement policy. Should the grant guidelines and the procurement policy contradict, the grant guidelines shall govern.

8. FEDERALLY FUNDED PROCUREMENT

Departments interested in procuring or contracting for goods or services with federal funds shall coordinate with the City's Community Development Manager, as an initial requirement of the procurement or contract. When procuring or contracting for goods or services with federal funds procuring departments are obligated to adhere to the City's Uniform Guidance Policy. The Uniform Guidance Policy can be accessed via the City's public drive or directly through the Finance Department.

When procuring or contracting for goods or services with federal funds, the procuring department is obligated to adhere to the strictest provisions of either the funding requirements or the City's procurement policy. Should the funding requirements and the City's policy contradict, the federal funding requirements shall govern.

9. SURPLUS MATERIALS

The City observes the statutory provisions of KRS 45A.425 as to the disposition of City owned personal property. This section relates specifically to the disposition of City owned personal property. The disposition of City owned real property can be referenced in the City's Procurement Ordinance (*Covington Code of Ordinances § 35.77*).

During the course of departmental operations, materials and equipment may become surplus, which can be defined as materials or equipment that have become obsolete, duplicative, beyond life, or unnecessary in the operation of the department.

The identification of surplus materials or equipment originates at the department level. Once surplus materials or equipment are identified, and there is a desire to dispose of said surplus items, the Department shall complete a surplus property notice. The notice should include a description of the property, the asset number (*if applicable*), the reason for disposal and any other relevant information. Completed surplus property notices shall be submitted to the Finance Department. The Finance Department then has the responsibility for determining the eventual disposition of the surplus material. The first consideration of the Finance Department is to determine whether the surplus material can be transferred to another department, or municipal agency, that may need the item(s). The second consideration is what to do with the item if it is no longer needed by any City department or agency. The Finance Department will then determine the best method of disposition (Auction, transfer, discard, etc.), and how to proceed with the disposition.

The City Manager may authorize the disposal of surplus materials or items whose surplus value does not exceed \$30,000.00. The City's Board of Commissioners must authorize the disposal of surplus items whose surplus value equals or exceeds \$30,000.00.

10. AUDIT STANDARDS

Questions regarding this policy should be directed to the City's Finance Department. This policy shall be reviewed, at a minimum, annually to ensure that procurement procedures listed herein are being properly maintained and procurement functions of the City are accurately represented.

10.1 References

- Qualified Purchasing Exception Form
- Surplus Property Notice
- Procurement Cheat Sheet
- Procurement Ordinance
- Uniform Guidance Policy
- Kentucky's Local Model Procurement Code KRS 45A.345 thru 45A.460
- 2 C.F.R. Part 200

10.2 Revision History

Date	Rev. No.	Revised By:	Description	Referenced Sections:
10/1/19	1	Allison Hudson, Procurement Officer	Creation	Entire Manual