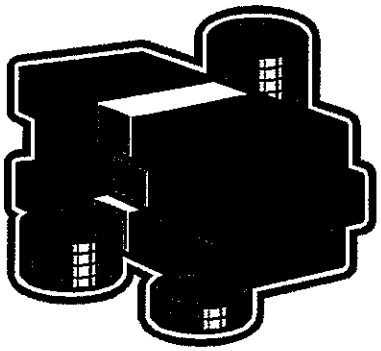
PROCUREMENT POLICY AND PROCEDURES



CITY OF HOMER, ALASKA

UPDATED 02/21/08

TABLE OF CONTENTS

Procurement Ordinance

Procurement Policy and Procedure Responsibility

Procurement Approval Policy

Procurement Approval Matrix

Procurement Changes Policy

Procurement Documentation Requirement Policy

Competitive Bidding and Negotiated Procurement Policy

Procurement Bid/Proposal Evaluation Policy

Bid or Proposal Processing Checklist

Negotiation Plans Policy

Sole Source Procurement Policy

Emergency Procurement Policy

Consultant/Technical and Architectural/Engineering Services Procurement Policy

Capital Equipment Procurement Policy

Contract Form Policy

Legal Review Policy

Procurement Warranty Clause Policy

Procurement Cost Estimating Policy

Procurement Advertising Policy

Contractor Procurement Policy

Retained Percentage Policy

Bid Deposit and Contract Bond Policy

Procurement Approval Processing Procedure

Preparation of Information Memoranda for Submittal of
Procurement Requests to the City Council

Purchase Order Processing for Supply, Material, Equipment and Service Procurement

Usage of Check Request and Processing Procedures

Check Request Form
Price Quotes for Goods & Services over $2,000 Form

Documentation for Disbursements Form

Business Travel Procedures

Travel Authorization Form

Travel Expense Report Form

Glossary of Terms and Definitions

Title: **PROCUREMENT ORDINANCE**

Sections:

3.16.010	Contract and purchase procedure.
3.16.020	Limitation of manager's authority.
3.16.030	Open market procedures.
3.16.040	Advertising for bids.
3.16.050	Processing of bids.
3.16.060	Exceptions to bidding requirements.
3.16.070	Lowest responsive and responsible bidder.
3.16.080	Local Bidder Preference
3.16.090	Requirements mandatory.
3.16.100	Change orders - Manager authority.
3.16.110	Competitive sealed proposals - Negotiated procurement.
3.16.120	Policy and Procedure Manual.

3.16.010 Contract and purchase procedure. The City Manager or his designee may carry out any of the following:

A. Contract for, purchase or issue purchase authorizations for all supplies, materials, equipment and services for the offices, departments, and agencies of the City;

B. Contract for the construction, repair or improvements of City facilities. (Ord. 84-32 (part) 1984)

3.16.020 Limitation on Manager's authority.

A. The Manager may not make an acquisition or contract authorized by Section 3.16.010 of this chapter if the value of the property, service or contract exceeds ten thousand dollars, without first obtaining City Council approval of the appropriation or unless the property, service or contract is listed in the city's annual budget.

B. If the value of the property, service or contract exceeds ten thousand dollars but does not exceed twenty five thousand dollars, the Manager may authorize the acquisition or contract with the written concurrence of the Finance Director if appropriated funds are available, and upon seeking at least three competitive bids from a minimum of three vendors. The acquisition or contract will be awarded to the lowest responsive and responsible bidder as determined in 3.16.070 and without observing the procedure prescribed for the award of formal sealed bids. Written notice of such an acquisition or contract must be given to the City Council within 24 hours and at the next regular Council meeting.

C. If the value of the property, service or contract exceeds twenty five thousand dollars, and is not listed in the City's annual budget, the acquisition or contract must be approved in advance by the City Council. (Ord. 01-06(a), 2001) (Ord. 84-32 (part) 1984)

3.16.030 Open market procedures.

A. Purchase or contracts authorized by Section 3.16.010 having an estimated value that does not exceed twenty five thousand dollars may be made in the open market without publishing notice in a newspaper.

B. A purchase or contract authorized by Section 3.16.010 having an estimated value that exceeds ten thousand dollars but does not exceed twenty five thousand dollars shall be based on at

least three competitive written bids and be awarded to the lowest responsive bidder as determined in 3.16.070 and without observing the procedure prescribed for the award of formal sealed bids.. .

C. Small procurement greater than two thousand dollars but not exceeding ten thousand dollars shall, whenever practical, be based on at least two written or oral price quotations without observing the procedure prescribed for the award of formal sealed bids.

D. All purchase or contracts less then two thousand dollars shall be made on the open market with such competition as is reasonable and practical in the circumstances. (Ord. 01-06(a), 2001) (Ord. 87-29 § 1, 1988)

3.16.040 Advertising for bids.

A. Purchases or contract authorized by Section 3.16.010 having an estimated value of more than twenty five thousand dollars may be made only after a notice calling for bids is printed in a newspaper of general circulation within the City once a week for not less than two consecutive weeks prior to the date for the bid award, unless another form of media is authorized by the City Manager. The notice shall contain a general description of the property, work or service; state where the bid forms and/or specifications may be obtained; specify the place for submission of bids and the time by which they must be received.

B. The bid closing date shall be no sooner than five working days after the last date of advertisement.

C. The purchase or contract shall be awarded to the lowest responsive bidder as determined in 3.16.070. (Ord. 01-17, 2001) (Ord. 01-06(a), 2001)(Ord. 84-32 (part), 1984)

3.16.050 Processing of bids. Notwithstanding other provisions of this chapter relating to the award after competitive bid for purchases and contracts, the City may:

A. Reject defective or nonresponsive bids.;

B. Waive any irregularities in any and all bids;

C. Reject all bids;

D. Readvertise for bids with or without making changes in the plans, specifications or scope of work. (Ord. 84-32 (part), 1984)

3.16.060 Exceptions to bidding requirements. Unless otherwise authorized by law, all procurement actions shall be by competitive bidding. Authorized exceptions include:

A. Negotiated procurement following unsuccessful efforts to obtain competitive bidding.

B. Small procurement, below twenty five thousand dollars.

C. Emergency procurement.

D. Procurement of consultant and technical services.

E. Procurement of real estate.

F. Procurement of architect-engineer, construction manager, or construction completion services.

G. Interagency agreements.

H. Utilization of State or Local government contracts.

I. Sole source procurement.

J. Procurement resulting from competitive sealed proposals as defined in Section 3.16.100.

K. Placement of insurance coverage.

L. Electronic data processing software and hardware.

Competition will be sought to the maximum extent practicable. (Ord. 01-06(a), 2001) (Ord. 84-32 (part), 1984)

3.16.070 Lowest responsive and responsible bidder. In determining the lowest responsive and responsible bidder, the City shall consider:

A. The price;

B. The ability, capacity and skill of the bidder to perform the contract within the time and price specified;

C. The reputation and experience of the bidder;

D. The bidder performance and payment under previous contract. (Ord. 01-17, 2001) (Ord. 01-06(a), 2001) (Ord. 84-32 (part), 1984)

3.16.80 Local Bidder Preference [Reserved]

A. It is the policy of the City of Homer to give preference to City of Homer residents, workers, businesses, contractors, producers and dealers to the extent consistent with law.

B. A contract or purchase shall be awarded to a local bidder where the bid by such local bidder is, in all material respects, comparable to the lowest responsible non-local bid if the amount bid by such local bidder does not exceed the lowest non-local bid by more than the following percentages, unless such an award is contrary to state or federal law or regulation or unless the Council, at its discretion, determines prior to giving notice soliciting bids that the provisions of this section shall not apply to the contract or purchases:

Non - local bid is:	Local bid is not more than:
$0 - $ 500,000.00	5 percent higher than non-local bid
$0 - $1,000,000.00	5 percent higher than non-local bid on first $500,000.00 and 2.5 percent higher than non-local bid on amount in excess of $500,000.00 to $1,000,000.00

No additional adjustment for bids above $1,000,000.00

C. "Local bidder," for purposes of this section, means a person or firm who:

1. Holds a current Alaska Business License to provide such goods or services, and such other Alaska regulatory licenses as are required to provide such goods or services; and

2. Submits a bid for goods or services under the name appearing on the person's or firm's current Alaska Business License; and

3. Has maintained and staffed a place of business within the boundaries of the City of Homer for a period of at least six (6) months immediately preceding the date of the bid and intends to permanently maintain such place of business in the future; and

4. Is registered in the Kenai Peninsula Borough to collect sales tax and locally provides the products and services sought; and

5. Is not delinquent in the payment of any taxes, charges, or assessments owing to the City of Homer on account of that business.

D. The City Manager may require such documentation or verification by the person or firm claiming to be a local bidder as is deemed necessary to establish the requirements of this section.

E. Local bidder's preference does not apply to sale or other disposal of personal property in chapter 18.30 of the City Code.

(Ord 01-13(s)(a),2001) (Ord. 01-06(a), 2001)

3.16.090 Requirements mandatory. Except as provided in Section 3.16.100, a purchase, contract or sale subject to the provisions of this chapter shall not be valid, enforceable or binding upon the City unless the established requirements have been satisfied and the contract or purchase is approved by the City Council. (Ord. 84-32 (part), 1984)

3.16.100 Change orders - Manager authority. The City Manager or his designee is authorized, without Council approval, to enter into change orders where the amount of additional expenditure occasioned by the change order or orders does not, in the aggregate, exceed any contingency fund previously established with respect to the particular project or change the scope of work. The Manager or his designee shall report monthly to the Council the nature and amount of such change orders. Change orders exceeding in the aggregate the foregoing limitation or which change the scope of work are not binding without prior approval of the Council. (Ord. 84-32 (part), 1984)

3.16.110 Competitive sealed proposals - Negotiated procurement.

A. If the City Manager determines that use of competitive sealed bidding is not practicable, the City may procure supplies, services or construction by competitive sealed proposals under this section.

B. The City Manager shall solicit competitive sealed proposals by issuing a request for proposals. The request for proposals shall state, or incorporate by reference, all specifications and contractual terms and conditions to which a proposal must respond, and shall state the factors to be considered in evaluating proposals and the relative important of those factors. Public notice of a request for proposals shall be given in accordance with Section 3.16.040 (a) and (b).

C. Sealed proposals shall be designated as such on an outer envelope and shall be submitted by mail or in person at the place no later than the time specified in the request for proposals. Proposals not submitted at the place or within the time so specified shall not be opened or considered.

D. Proposals shall be received at the time and place designated in the request for proposals, and shall be opened so as to avoid disclosing their contents to competing proponents during the process of negotiation. Proposals, tabulations and evaluations thereof shall be open to public inspection only after the contract award. The City Manager shall issue a notice of recommendation to award to all responding proponents at least four days prior to approval by the final decision-making authority.

E. In the manner provided in the request for proposals, the City Manager may negotiate with those proponents whose proposals are determined to be responsive to the request for proposals. Negotiations shall be used to clarify and assure full understanding of the requirements of the request for proposals after submission and prior to award to obtain best and final offers. Proponents deemed eligible for negotiations shall be treated equally regarding any opportunity to discuss or revise proposals. In conducting negotiations or requesting revisions, no city officer or employee shall disclose any information derived from proposals of competing proponents.

F. If fair and reasonable compensation ,contract requirements and contract documents can be agreed upon with the most qualified proponent, the contract shall be awarded to that

proponent.

G. If fair and reasonable compensation, contract requirements and contract documents cannot be agreed upon with the most qualified proponent, the City Manager shall advise the proponent of the termination of negotiations. If the proposals were submitted by one or more other proponents determined to be qualified, negotiations may be conducted with such other proponents in the order of their respective rankings. The contract may be awarded to the proponent then determined to be most qualified and advantageous to the City.

H. Awards shall be made by written notice to the proponent whose final proposal is determined to be most advantageous to the City if satisfactory compensation, contract requirements and contract documents are agreed upon pursuant to subsection For G. No criteria other than those set forth in the request for proposals may be used in proposal evaluation. If the City Council, or the City Manager,(if the contract is within the Managers authority to award), determined that it is in the best interest of the City to do so, the City may reject all proposals.

I. When the service is routine and repetitious, the cost of the anticipated service shall be considered during evaluation of proposals. This paragraph shall not apply to a qualifications-based selection process. (Ord. 01-06(a), 2001) (Ord 92-38 § 1, 1992; (Ord. 84-32 (part), 1984)

3.16.120 Procurement Policy Procedure Manual.

A. The City Council herein incorporates by reference procurement policies and procedures specified in the City of Homer Procurement Policy and Procedures Manual.

B. The Manual may be revised with Council approval.

C. A copy of the Manual shall be available to the public at all times at the Homer City Hall.

Title: **PROCUREMENT POLICY AND PROCEDURE RESPONSIBILITY**

1.0 POLICY

The Policy and Procedures contained herein is provided as guidance to all procurement activity in the City. It has been developed to assure compliance with the direction of the City Council, the Homer Municipal Code, and sound business practices. It may be revised as required to meet the needs of the City Council.

2.0 DEFINITIONS

Procurement - An activity that includes purchasing, contracting, renting, leasing or otherwise obtaining materials, equipment, supplies, or services. It includes all functions that pertain to the obtaining of supplies and services, including description (but not determination) of requirements. selection and solicitation of sources, preparation and award of contracts, and related phases of contract administration.

3.0 RESPONSIBILITIES

3.1 The City Council is responsible for approval of City procurement policy.

3.2 The City Manager is responsible for ensuring compliance with City procurement policy and procedures.

3.3 The Director of Finance is responsible to develop, maintain, and implement City procurement policy and procedures and to carry out centralized procurement, where applicable.

4.0 EXCEPTIONS

Exceptions to this policy must be approved by the City Council.

5.0 REFERENCES

None.

Title: **PROCUREMENT APPROVAL POLICY**

Amended by Resolution 01-13(s)

1.0 POLICY

Levels of authority to commit funds or perform related procurement activities of the City have been established by the City Council. As appropriate, procurement actions outside prescribed limits set for department directors and the City Manager shall be submitted to the City Council for approval.

2.0 DEFINITIONS

2.1 Delegated Authority - The authority given by formal agreement to perform designated activities.

2.2 Procurement Function - The responsibility to deal with contractors/suppliers on behalf of the City and perform staff work in support of final actions taken by persons with assigned signature authority.

2.3 Signature Authority - The authority to sign a document that formally commits the City.

2.4 City Contract, Purchase Order and/or Change Order - A legally binding document, when full executed, committing both the City and a contractor, vendor and/or a supplier.

3.0 RESPONSIBILITY

3.1 The applicable department director is responsible for providing justification and backup in support of procurement action brought to the City Council for approval.

3.2 The Director of Finance is responsible for determining adequacy of procurement funding and cost effectiveness of procurement action and for ensuring that procurements are approved in accordance with the adopted Procurement Approval Matrix.

3.3 The City Manager is responsible for ensuring that procurements are made in accordance with City policy.

3.4 The City Council, when appropriate, approves procurement actions.

4.0 EXCEPTIONS

Exceptions to this policy must be approved by the City Council.

5.0 REFERENCES

5.1 Purchase Order Processing Procedure.

5.2 Procurement Approval Processing Procedure.

5.3 Procurement Documentation Requirement Policy.

6.0 ATTACHMENTS

City of Homer Procurement Approval Matrix.

CITY OF HOMER
POLICY AND PROCEDURES
PROCUREMENT APPROVAL MATRIX

Procurement/Contract Category	Dept. App.	Finance Verify Funds	City Manager Approval	City Council Approval
Supplies & Services				
$0 to $4,000	X			
$4,001 to $10,000	X	X	X	
over $10,000	X	X	X	X
exceeds $10,000 but doesn't exceed $25,000 if Mgr & Finance Director concur, refer to HMC3.16.020	X	X	X	X
Travel & Subsistence				
Rents & Leases				
$0 to $250	X			
over $250	X	X	X	
Capital Outlay/Projects				
$0 to $ 4,000	X			
$4,001 to $10,000	X	X	X	
Over $10,000	X	X	X	X
exceeds $10,000 but doesn't exceed $25,000 if Mgr & Finance Director concur, refer to HMC3.16.020	X	X	X	X
Future Year Contracts & Commitments	X	X	X	X
Emergency Procurements	X	X	X	X
Budget Modification:				
-Line item Changes	X	X	X	
-Department Changes	X	X	X	X

Title: **PROCUREMENT CHANGES POLICY**

1.0 POLICY

1.1 Authority to make procurement changes is vested in the Council and may be delegated.

1.2 Department directors and the City Manager are authorized by the Council to take limited procurement actions necessary to implement approved budgets, and they may further delegate this authority, in whole or in part, to such delegates as they may appoint in writing. These actions include changes to contracts/purchase orders.

1.3 The City may, by written order, make changes within the general scope of a contract. Approval authority will be based on current delegation as outlined in the Procurement Approval Matrix, but shall not exceed any contingency fund established for a particular project.

For changes outside the general scope of a contract, the City Council may change a contract previously let, by written order, if the City Manager certifies to the Council and the Council finds in open public meeting that:

a. The change is necessary to comply with State or Federal regulations or standards, or with changes in plans or specifications recommended by the City Manager, for the purpose of improving the safety or feasibility of the project or expediting completion of the project on the most advantageous terms in the public interest; and

b. The change does not provide for a type of construction basically different from that provided for in the contract.

2.0 DEFINITIONS

General Scope - That work which is fairly and reasonable within the contemplation of the parties when the contract was entered into.

3.0 RESPONSIBILITIES

3.1 The applicable department director is responsible for implementation of this policy. For changes outside the general scope of the contract which meets the provisions of the contract such as realignments, consolidation of contracts, significant variations in quantities, and contract extensions, these managers are responsible for preparation of the required justification for the City Manager's approval and for initiating the necessary change order for City Council action.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager

may approve exception to this policy.

5.0 REFERENCES

Procurement Cost Estimating Policy.

Title: **PROCUREMENT DOCUMENTATION REQUIREMENT POLICY**
Amended by Resolution , 01-13(s) , 97-39, 96-62(s)

1.0 POLICY

The following documentation will be developed and maintained in support of procurement actions:

1.1 Minimum Essential Documentation

a. Originating Document (purchase order, capital improvement request, project change order, etc) (identifies need, sole source, prequalification).

b. Executing Document (contract, purchase order, change order).

c. Pricing Basis (competitive bid, proposal, price list, etc) where applicable.

d. Price Evaluation (estimate or price analysis) where applicable.

e. Plan Holders List, to be used for competitive bidding and requests for proposals. To be maintained by the City Clerk's Office.

f. Record of Negotiation, Bid/Proposal Evaluation where applicable.

1.2 Administrative/Approval Expediting Documentation

a. Council Information Memorandum/Resolution.

2.0 DEFINITIONS

None.

3.0 RESPONSIBILITIES

Development of procurement documentation is the responsibility of the department director.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

Procurement Approval Processing Procedure.

Title: **COMPETITIVE BIDDING & NEGOTIATED PROCUREMENT POLICY**
Amended by Resolution 01-13(s)

1.0 POLICY

Unless otherwise authorized by law, all procurement actions shall be competitive bidding. Authorized exceptions include:

A. Negotiated procurement following unsuccessful efforts to obtain competitive bidding.

B. Small procurement, below twenty five thousand dollars.

C. Emergency procurement.

D. Procurement of consultant and technical services.

E. Procurement of real estate.

F. Procurement of architect-engineer, construction manager, and construction completion services.

G. Interagency agreements.

H. Utilization of State or Local government contracts.

I. Sole source procurement.

J. Procurement resulting from competitive sealed proposals.

K. Placement of insurance coverage.

L. System compatible electronic data processing software and hardware.

Competition will be sought to the maximum extent practicable.

2.0 DEFINITIONS

None.

3.0 RESPONSIBILITIES

Department directors are responsible for insuring that competitive bidding is used for all appropriate procurement activities.

4.0 EXCEPTIONS

Exceptions to this policy must be approved by the City Council.

5.0 REFERENCES

5.1 Bid/Proposal Evaluation Policy.

Title: **PROCUREMENT BID/PROPOSAL EVALUATION POLICY**
Amended by Ordinance 01-13(s)(a)

1.0 POLICY

1.1 Bid/proposal packages shall be unconditionally accepted without alteration or correction, except that pricing ambiguities will be corrected.

1.2 Bid/proposal packages shall be reviewed for completeness. Complete packages shall be evaluated for price, commercial responsiveness, technical responsiveness, and responsibility.

1.3 When appropriate, bid/proposals which exceed the Fair Cost Estimate by more than 15% shall be rejected. Packages must be evaluated to the extent necessary to determine that correctable errors would not reduce the bid/proposal price to within the acceptable range.

1.4 Bids/proposals shall be evaluated strictly in accordance with the specific terms and evaluation criteria set forth in the Invitation for Bid or Request for Proposal.

1.5 Evaluation factors and determinations of responsiveness and responsibility shall be handled in a consistent manner.

1.6 The City Council shall be the appellate authority with regard to whether a bid/proposal is responsive to the Invitation for Bid or Request for Proposal and as to whether a bidder/proponent is responsible under the conditions of his bid or proposal.

1.7 Communications with bidders/proponents shall be discontinued during the evaluation period. If contact is essential, then it shall be for a specific purpose and be provided to all bidders/proponents.

1.8 General announcements/addenda shall be provided to all bidder/proponents.

1.9 Local bidder preference shall apply to all bids in accordance with ordinance 01-13(s)(a).

2.0 DEFINITIONS

1.1 Bid - An offer to perform a contract for work and labor or supplying materials at a specified price. A bid is usually in response to an invitation for bid or a solicitation.

1.2 Proposal - An offer by one party or organization to another of terms and conditions with reference to some work or undertaking. A proposal is in response to a request for proposals and is usually associated with procurement by negotiation.

1.3 Responsive - Complies in all material respects with the essential provisions of the

Invitation for Bids or the Request for Proposals.

1.4 Responsible - Ready, willing and able to perform the work.

3.0 RESPONSIBILITIES

3.1 It is the responsibility of the applicable department director and the Director of Finance to conduct bid/proposal evaluations.

3.2 It is the responsibility of the applicable department director and the City Manager to approve essential communication with bidder/proponents.

3.3 It is the responsibility of the applicable department director and the Director of Finance to determine fair cost estimates, where appropriate.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

5.1 Procurement Cost Estimating Policy.

Title: **BID OR PROPOSAL PROCESSING CHECKLIST**
Amended by (Ord 01-13(s)(a),2001),(Reso 01-13(s)),(Reso 97-39)

WHEN TO USE A BID OR PROPOSAL PROCESS

Use Bid Process when a specific scope of work, material, goods or services are required and where more than one contractor/supplier exists to create competition.

Use Proposal process when it is beneficial to the City for the contractor/supplier to propose unique or innovative approaches to meet the procurement requirement, and where a negotiated agreement is in the best interest of the City.

BID PROCESS

1. Develop Invitation to Bid and Bid Package - The Bid Package shall include a Bidder's checklist of required submittals.

2. Advertise Bid - The minimum requirement for advertising bids shall be a notice calling for bids printed in a newspaper of general circulation within the City once a week for not less than two consecutive weeks prior to the date for the bid award, unless another form of media is authorized by the City Manager.
3. Plan Holders List - The City Clerk's Office shall maintain an official plan holders list of all bidders and/or proposers.

   a. This list shall contain the bidder/proposer name, contact person, mailing and physical address, phone number, fax number and E-mail address.

   b. The list shall contain the date the bidder/proposer was mailed, faxed or received the bid/rfp documents, an updated plan holders list, any addenda and etcetera.

   c. The official list shall note date payment was received for bid/rfp documents, if the plan holder owns the City Standard Construction Specs and bidding status, ie, general contractor, sub contractor, etc. - whenever pertinent.

   d. A general bidder not listed on the Official Plan Holders List shall be deemed non-responsive.

4. Bid Period

   a. The bid closing date shall be no sooner than five working days after the last date of advertisement.

   b. Bids shall be clocked in and logged in at City Hall. The City will specify in the bid documents the time clock or source.

   c. Bids shall be turned over to the City Clerk for safe keeping until the date of the bid opening.

5. Bid Opening Procedure

A. The applicable department director and Director of Finance or their designees shall conduct the bid opening.

B. The bid opening shall generally be conducted in the following manner:

- Introduction of staff.
- Announce dates of bid period.
- Announce the expiration of the period.
- Note: The City shall require bids be submitted in two parts; Part A shall consist of bid price information and bid bond/checks, whereas Part B shall consist of the remainder of the submittals required by the Invitation to Bid.

C. Determine responsiveness of bids by:

- Opening bidders Part B portion of the bid in the order received.

- Read aloud/announce: Name of bidder, address of bidder and date and time received.

- Determine if Bidder provided all submittals in the form specified by the Invitation to Bid (e.g. Business License Number, Addendum Acknowledgment, EEO Form, etc.).

- Bids which do not include the submittals in the form specified by the Invitation to Bid shall be determined to be non-responsive and shall be set aside along with the unopened Part A of the bid.

D. Part A (Price) of the bids which are determined to be responsive to the Invitation to Bid, will be opened at which time the Bid Price will be read aloud.

E. Record bid information on Bid Register.

F. Read aloud Fair Cost Estimate, if appropriate.

G. Announce the Close of Bid Opening and that an award would be made after concluding the technical evaluation of the bids and determining the respective responsibility of the apparent low bid.

6. Evaluation Bids

A. Review pricing, correct any pricing ambiguities which are immaterial and do not affect total bid price.

B. Determine whether a local bidder preference applies.

C. Determine whether technical requirements are met.

D. Determine responsibility and responsiveness of a bid and bidder.

E. Prepare award recommendation.

Note: In determining if a bid and bidder are responsible and response, the City shall consider:

- price
- ability, capacity and skill
- reputation and experience, and
- prior contract performance.

To obtain the above information, the City may require a bidder to complete a confidential bidder questionnaire or provide a list of references.

PROPOSAL PROCESS

The proposal process should generally follow the bid process outlined above, except the proposal evaluation steps will normally include City/Contractor clarification of scope of work and negotiation of contract terms to ensure that the interests of the City are met on the most cost effective basis.

Title: **NEGOTIATION PLANS POLICY**

1.0 POLICY

Negotiation plans shall be prepared before entering negotiations on significant procurement actions. The plans and record of negotiations shall be fully documented. Minimum requirements for the negotiation plans and needs shall be established.

2.0 DEFINITIONS

Procurement actions having a significant impact:

2.1 Capital Project Contract Agreements.

2.2 Procurement actions over $15,000 requiring Council approval.

2.3 Exceptions or modifications to standard terms and conditions.

2.4 Additional reviews as requested by management.

3.0 RESPONSIBILITIES

The appropriate department director shall be responsible for establishing minimum requirements for negotiation plans.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **SOLE SOURCE PROCUREMENT POLICY**

1.0 POLICY

The City Council may approve the procurement of a supply, equipment, service or construction item without competitive bidding if it has been determined that there is only one available source.

2.0 DEFINITIONS

Sole Source Procurement - Procurement of materials, equipment, supplies or services from a single provider.

3.0 RESPONSIBILITY

Department directors are responsible for determining the availability of goods and services and, therefore, the justification of a sole source procurement.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **EMERGENCY PROCUREMENT POLICY**

1.0 POLICY

A department director shall determine and recommend to the City Manager the need for emergency purchases for items or services or both provided that such emergency procurement shall be made with such competition as is practical under the circumstances. A written determination of the basis for the emergency procurement and for the selection of the supplier is to be included in the procurement file.

2.0 DEFINITIONS

Emergency Purchases - A requirement which arises from a situation where a threat to public health, welfare or safety such as may arise by reason of floods, epidemics, riots, equipment failure or such other reason as may be proclaimed by the City Manager or his authorized delegate. The existence of such condition creates an immediate and serious need for supplies, services or construction that cannot be met through normal public bidding methods and the lack of which would seriously threaten:

A. the health or safety of any person.

B. the preservation or protection of property.

3.0 RESPONSIBILITIES

3.1 It is the responsibility of department directors to determine and recommend to the City Manager the need for an emergency procurement.

3.2 It is the responsibility of the City Manager to proclaim an emergency and to authorize emergency procurement.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **CONSULTANT/TECHNICAL AND ARCHITECTURAL/ENGINEERING SERVICES PROCUREMENT POLICY**

1.0 POLICY

The City may engage consultants/contractors and Architectural/Engineering (A/I) firms to perform services of a specialized scientific, technical, or administrative nature for short-term or periodic requirements. Consultant and Technical and A/E contracts may be initiated for peak or limited-time work requirements, work requiring special talents, license or equipment for which the hiring of permanent employees would not be practical or would not provide independent objectivity or be in the best financial interests of the City.

The City shall publish in advance its requirements for A/E and Consultant services, stating concisely the general scope and nature of the project or work.

The City shall seek competition in contracting for these specialized services whenever practical. Normally, these contracts will be negotiated on the basis of demonstrated competence and qualification for the type of professional services required at fair and reasonable prices. The general policy is to select firms on a competitive basis that are qualified technically and that meet commercial competitive requirements. This shall be done through evaluations of proposals, and/or interviews, ranking of performance capability statements submitted by the perspective consultants. Justification for determinations for all such actions shall be documented. Negotiation of commercial terms and price or cost shall then be accomplished.

2.0 DEFINITIONS

2.1 Consultant Services - Services of an individual or organization engaged in an advisory capacity on an intermittent basis to provide scientific, technical, or administrative expertise. The end product is normally a report or recommendation(s) based upon data obtained from the City or others.

2.2 Technical Services - The performance of work or by activities that generate data/information. Technical services can be categorized either as professional or non-professional, depending upon that nature of the service provided. End product is usually a report or service but may be a physical thing such as a model.

2.3 Architectural/Engineering Services (A/E) - A/E services rendered by persons other than employees of the City contracted to perform activities normally related to the Architectural or Engineering profession. The end product is normally plans, specifications or estimates or a report.

2.4 Competitive Contracting - Consideration of more than one source, as may be evidenced by competitive requests for proposals, to insure full and free competition

consistent with the types of services required and necessary to meet the needs of the City.

3.0 RESPONSIBILITIES

3.1 Requests for consultant/technical and A/E services, development of the scope of work and justification are the responsibilities of the applicable department director.

3.2 Publication of A/E service requirements, evaluation of sources and contract development is the responsibility of the appropriate department director.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

5.1 Competitive Bidding and Negotiated Procurement Policy.

5.2 Bid/Proposal Evaluation Policy.

Title: **CAPITAL EQUIPMENT PROCUREMENT POLICY**
Amended by Resolution 01-13(s)

1.0 POLICY

Capital equipment procurement shall be based upon an analysis of City needs in consideration of alternative sources, cost of ownership and cost of money.

Contracts or procurement providing for the lease or rental of capital equipment should contain provisions for the City to obtain ownership rights, including application of all or part of payments credited to ownership when available or appropriate.

2.0 DEFINITIONS

2.1 Capital Equipment - Equipment valued at over $5,000 per unit.

3.0 RESPONSIBILITIES

3.1 The appropriate department director shall be responsible for inclusion of provisions to obtain ownership of capital equipment in lease/rental procurement.

3.2 The Director of Finance and City Attorney shall review and approve lease forms prior to execution.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **CONTRACT FORM POLICY**

1.0 POLICY

1.1 Subject to stated limitations, any form of contract which in the opinion of management, will promote the best interests of the City may be used, except a contract which is cost-plus-a-percentage-of-cost.

1.2 A cost-reimbursement contract may be used only when a determination has been made in writing that such a contract is likely to be less costly to the City than any other type or that it is impractical to obtain the supplies, services, or construction required except under such a contract.

1.3 Standardized baseline documents should be utilized for development and award of contracts.

2.0 DEFINITIONS

Cost-Reimbursement Contract - A contract where the contractor is reimbursed for actual cost incurred in the performance of the contract.

3.0 RESPONSIBILITIES

3.1 Department directors are responsible to develop the best suited form of contract.

3.2 The City Attorney and Director of Finance are responsible for review and approval of contract forms.

4.0 EXCEPTIONS

None permitted.

5.0 REFERENCES

Legal Review Policy.

Title: **LEGAL REVIEW POLICY**

1.0 POLICY

It is City policy that all procurement actions having a significant impact on the City's legal rights or obligations require legal review prior to implementation.

2.0 DEFINITIONS

Procurement actions having a significant impact:

2.1 Capital Project Contract Agreements.

2.2 Procurement actions over $15,000 requiring Council approval.

2.3 Exceptions or modifications to standard terms and conditions.

2.4 Additional reviews as requested by management.

3.0 RESPONSIBILITIES

The City Attorney shall be responsible for required legal reviews.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **PROCUREMENT WARRANTY CLAUSE POLICY**

1.0 POLICY

A suitable expressed warranty provision will be considered for inclusion in the terms of all procurement.

2.0 DEFINITIONS

Warranty - Promissory obligations expressed or implied by a seller upon a sale of supplies, property or performance of services to a buyer.

3.0 RESPONSIBILITIES

Development of suitable warranty clauses are the responsibility of the department director, the City Attorney and Director of Finance, as appropriate.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **PROCUREMENT COST ESTIMATING POLICY**

1.0 POLICY

In contracts for public improvements exceeding $15,000, fair cost estimates shall be prepared prior to bid/proposal opening or initiation of negotiations for procurement. Also, significant change orders require some form of pricing estimate as follows:

a. Fair cost estimates may be used at any time and are preferred prior to negotiation of changes with defined scope.

b. Proposal evaluations may be used for negotiation of all complex changes not suited for fair cost estimate preparation.

c. Proposal evaluations may be used for contractor claims.

2.0 DEFINITIONS

None.

3.0 RESPONSIBILITIES

Use and adequacy of estimates and/or proposal evaluation is the responsibility of the appropriate department director and Director of Finance.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

5.1 Procurement Changes Policy.

Title: **PROCUREMENT ADVERTISING POLICY**
Amended by Resolution 01-13(s)

1.0 POLICY

Invitation for Bids or Request for Proposal for public work, services, material, equipment, or supply procurements exceeding $25,000 must be advertised in a newspaper of general circulation within the City, once a week for not less than two consecutive weeks prior to the date for the bid award, unless another form of media is authorized by the City Manager. Additional publications and radio advertisements may also be used. This Notice to Bidders/Proponents shall at the time of publication be on file at the City subject to public inspection. In addition, any published notice ordering work to be performed for the City shall be mailed at the time of the publication to any established trade association or plan center, if applicable.

2.0 DEFINITIONS

None.

3.0 RESPONSIBILITIES

3.1 It is the responsibility of the appropriate department director to initiate the necessary advertisement.

3.2 It is the responsibility of the City Clerk to coordinate placement of the required advertisements.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **CONTRACTOR PROCUREMENT POLICY**

1.0 POLICY

In contracts for public improvement exceeding $15,000, the City shall require any contractor performing work on a cost reimbursable basis to establish and submit for approval its procurement procedures before making any payment for items procured under such a contract. Contractor policy shall generally reflect City procurement policy.

The City will require such procedures to include competition for items and services.

2.0 DEFINITIONS

None.

3.0 RESPONSIBILITIES

Approval of contractor procurement procedures is the responsibility of the appropriate department director.

4.0 EXCEPTIONS

Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

5.0 REFERENCES

None.

Title: **RETAINED PERCENTAGE POLICY**

1.0 POLICY

1.1 In contracts for public improvement or work where payments to the contractor are at fixed prices and are measured on estimates during the progress of the work, the percentage to be retained shall be on the entire payment as prescribed by contract.

1.2 In contracts for public improvement or work where payments to the contractor during the progress of the work are partly to reimburse for actual costs and partly for earned fee and/or lump sum items, the percentages prescribed by contract may be retained on the earned fee and lump sum parts only; provided that billings for actual costs are subject to audit by the City.

1.3 Retainage shall be withheld in accordance with the following schedule:

Contract Completion Percentage	Retainage Percentage
0 to 75%	10%
76 to 95%	5%*
over 95%	2%*

*May be reduced to these percentages.

1.4 The City shall pay contractors interest on retainage in accordance with State Statute.

2.0 DEFINITIONS

2.1 Earned Fee - The contractor's compensation for completing a specific task or providing a specific work product.

2.2 Lump Sum - The total amount to be paid to a contractor for completing a given contract scope of work ("Lump Sum Contract") or for completing a specific task or providing a specific work product.

3.0 RESPONSIBILITIES

3.1 It is the responsibility of the department director to determine the appropriate level of retainage.

3.2 The Director of Finance is responsible for administering established contract retention provisions.

4.0 EXCEPTIONS

4.1 Based upon the review and recommendation of the Director of Finance, the City Manager may approve exception to this policy.

4.2 In contracts where the work is on schedule and in accordance with the specifications, the City Manager or his designee may exempt the contractor from the retainage requirement.

5.0 REFERENCES

None.

Title: **BID DEPOSIT AND CONTRACT BOND POLICY**

1.0 POLICY

1.1 In contracts for public improvements, a Bid Bond and Payment Bond and Performance Bond shall be required for all publicly bid work exceeding $10,000.

1.2 Each bid shall be accompanied by a Bid Bond consisting of a certified or cashier's check payable to the City for a sum not less than five percent of the amount of the bid or accompanied by a bid bond in an amount not less than five percent of the bid with a corporate surety licensed to do business in the State of Alaska. Checks and Bid Bonds will be returned to unsuccessful bidders.

1.3 The successful bidder is required to submit a Performance Bond and a Payment Bond with a Surety meeting the standards of AS 36.25.010(a) and satisfactory to the City. The amount of the Performance Bond and the amount of the Payment Bond shall be specified in the bid documents. Subject to paragraph 1.5, the minimum amount of the Performance Bond and of the Payment Bond shall be in accordance with the following schedule:

Contract Amount	Payment Bond (% of Contract Amount)	Performance Bond (% of Contract Total Amount)	Bonding
$10,000 to $100,000	50%	50%	100%
$100,001 to $1,000,000	50%	50%	100%
$1,000,001 to $5,000,000	50%	50%	100%
over $5,000,000	50%	50%	100%

1.4 If the bidder fails to enter into the contract and furnish the Performance Bond and Payment Bond within fourteen working days from the date on which the bidder is notified of being the successful bidder, the Bid Bond or check and the amount thereof shall be forfeited to the City.

1.5 The City Manager may wholly or partially exempt contractors from the Performance Bond and Payment Bond requirements for contracts over ten thousand dollars and not exceeding one hundred thousand dollars. Any such exemption shall be stated in the bid documents. When such an exemption is given, the City manager may do any one or more of the following, which shall be set forth in the bid documents.

A. not require any Payment Bond or Performance Bond;

B. accept cash, certified check, bank check, letter of credit, guaranty, or other form of security (but not including any interest in real property), as a Payment Bond or Performance Bond in lieu of sureties meeting the standards of AS 36.25.010(a);

C. accept a Payment Bond or Performance Bond in an amount less than that set forth in paragraph 1.3;

D. require the contractor to meet the following criteria:

(1) the contractor is, and for two years immediately preceding the award of the contract has been, a licensed contractor having his or its principal office in the state;

(2) the contractor certifies that he has not defaulted on a contract awarded to him during the period of three years preceding the award of a contract for which a bid is submitted;

(3) the contractor has submitted a financial statement, prepared within a period of nine months preceding the submission of a bid for the contract and certified by a public accountant or a certified public accountant licensed under AS 08.04, demonstrating that the contractor has a net worth of not less than seventy percent of the amount of the contract for which a bid is submitted;

(4) the total amount of all contracts which the contractor anticipates performing during the term of performance of the contract for which a bid is submitted does not exceed the net worth of the contractor reported in the certified financial statement prepared and submitted under subparagraph (3) of this section by more than seven times; and

(5) The City Manager may require deposits of cash in such amounts and under such terms and conditions as the Manager may deem appropriate to protect the interests of the City.

2.0 DEFINITIONS

2.1 Bid Bond - A written obligation that the contractor will execute the contract for the price bid.

2.2 Performance Bond - A written obligation that a contract will be completed as bid and the end product will be free of liens.

2.3 Payment Bond - A written obligation that a contractor will pay all labor, materialmen and subcontractors amounts due them so that liens are not filed.

2.4 Surety - A third party who has become legally liable for the debt, default or failure of performance by a City contractor.

3.0 RESPONSIBILITIES

It is the responsibility of each department director in conjunction with the Director of Finance to implement the provisions of this policy.

4.0 EXCEPTIONS

None.

5.0 REFERENCES

AS 36.25.010.

Title: **PROCUREMENT APPROVAL PROCESSING PROCEDURE**
Amended by Resolution 01-13(s)

1.0 POLICY

Procurement actions requiring approval of the City Council shall be presented to the Council at their regularly scheduled meetings.

2.0 PURPOSE AND SCOPE

2.1 The City Council shall approve certain procurement actions prior to execution.

2.2 This procedure shall be followed to ensure that the Council is provided adequate justification and support information to act upon procurement recommendations.

3.0 DEFINITIONS

See Glossary.

4.0 PROCEDURE

Procurement actions for Professional/Outside Service, Capital Outlay, and Future Year Contracts/Commitments in excess of $10,000 or $25,000 with City Manager and Finance Director concurrence.

Responsibility	Instructions
Department	1. Prepare and obtain approval of Procurement Request, (i.e. purchase order, contract, lease, etc.).
	2. Prepare Information Memorandum for council members (attachment 1). The form shall clearly identify rationale for action and sources of budget funding for proposed procurement.
	3. Forward procurement request and information memorandum to Finance for Financial Analysis and Budget Verification.
Finance Dept.	Review procurement request and verify availability of funds, and forward to the City Manager for formal Council action.

5.0 REFERENCES

5.1 Procurement Authority Policy.

5.2 Purchase Order Processing Procedure.

6.0 ATTACHMENTS.

Information Memorandum for Council Action.

Title: **PREPARATION OF INFORMATION MEMORANDA FOR SUBMITTAL OF PROCUREMENT REQUESTS TO THE HOMER CITY COUNCIL**
Amended by Resolution 01-13(s)

1.0 POLICY

This provides guidelines for the preparation of Information Memoranda for Council action in support of procurement recommendations. The Information Memoranda are intended to enhance the Council decision-making function by:

1.1 Assuring that information and recommendations presented to the Council are relevant, accurate, objective, timely and complete.

1.2 Obtaining participation in the development of recommendations to the Council by all parties who can assist in clarifying the issues or will be affected by the outcome.

Additional information or accompanying documents, if appropriate, should be provided in an attachment.

2.0 FORMAT OF INFORMATION MEMORANDUM

The body of an Information Memorandum should contain each of the sections described below, when appropriate.

2.1 Procurement Description - Describe concisely the nature of the procurement action.

2.2 Background - Summarize briefly relevant background material. Information provided may include the origin, history, and importance of the procurement. If essential to understanding the procurement requirement, additional background material may be provided in attachments and referenced in the text.

2.3 Justification - Summarize briefly why and how long it is needed and what its use will be. State who will benefit from it, and what will happen if it is not available.

2.4 Alternatives - If appropriate, each option for meeting the procurement requirement shall be described succinctly.

2.5 Discussion - Comment briefly on the implications of selecting an alternative procurement approval, if applicable, to clarify the basis for the recommendations. Summarize the positions of other personnel if they disagree with the alternative recommended. Additional comments may be provided in attachments. If the issue is a unique proposal, such as a proposal for a singular course of action, the "Alternatives" section should be omitted and this section should discuss the reasons for -or implications, pro and con - of taking or not taking the proposed action.

2.6 Fiscal Note - Explain briefly if the item is budgeted. If not budgeted, show source

from which monies should be made available. Include advantages of this action. Future cost or savings if applicable.

2.7 Bid/Proposal Evaluation - State briefly who, or who not, a bid/proposal cycle was employed. Explain the evaluation method used and the outcome of the evaluations.

2.8 Recommendation - State concisely the action recommended to the Council, and reference the option number listed under "Alternatives," if applicable.

2.9 Next steps - A brief list shall be made of the actions needed to implement the decision, including when the action must be completed and by whom. When additional Council actions are foreseen, these should be described, including estimated dates and costs.

Title: **PURCHASE ORDER PROCESSING FOR SUPPLY, MATERIAL, EQUIPMENT & SERVICE PROCUREMENT**

Amended by Resolution 01-13(s), 96-62(s)

1.0 PURPOSE AND SCOPE

1.1 Establishes binding commitment with a supplier to purchase goods or services with a specified period of performance.

1.2 Provides through requisitioning requirement competitive purchasing pattern.

1.3 Provides for the formal review of material, equipment, supply and service procurement actions.

1.4 Provides for the verification of available budgeted funds.

1.5 Provides for the timely processing of vendor payments.

2.0 DEFINITION

Purchase Order - A purchase order is a contract for the purchase of goods or services with a specified period of performance.

Purchasing Clerk - Department employee who is responsible for ordering services and merchandise and preparing purchase orders.

3.0 USAGE

3.1 A purchase order will be used to purchase material, equipment and supplies.

3.2 A purchase order may be used as an agreement for specific services (professional, contract service type).

3.3 A purchase order will be used in conjunction with project contracts to obligate necessary funds.

3.4 A purchase order will be issued for all leases (e.g. machinery and equipment) rents and maintenance agreements on an annual basis to encumber the necessary funds for the entire accounting period.

3.5 Open purchase orders provide vendors with an agreement to provide goods and services to authorized City personnel for a specific time and a determined amount which describes the average purchasing activity with the vendor in that time period.

3.6 Purchase orders should be used for subscriptions and specify the duration of such.

4.0 PROCEDURE

4.1 Requisitioning

Responsibility		Instructions
Purchasing Clerk	1)	Check vendor history to assure competitive purchasing; Finance reviews vendor history quarterly
	2)	Check budget at department level
	3)	Purchase quotes should be in accordance with HMC 3.16.030 Open Market Procedures. Price quotes should be documented including the following: a) vendor name and contact b) date quote obtained c) item description d) price per unit including shipping e) transportation mode f) evaluate performance of vendor g) sign and date quote sheet h) select goods & services with best price including transportation charges and modes of delivery
	4)	Submit price quotes to purchasing clerk

4.2 Preparation of Purchase Order

Responsibility		Instructions
Purchasing Clerk	1)	Enter vendor name and address
	2)	Enter date of order
	3)	Indicate to whom order is to be shipped
	4)	Enter quantity ordered
	5)	Enter description (detail all information that will enable vendor to furnish the items ordered, e.g. size, color, stock number, etc.)
	6)	Enter the budget account for item
	7)	Enter unit price and total price including freight

8) Enter any shipping or special instruction
9) Limit order duration on PO
10) To be signed by employee initiating purchase order and send forward to department head for approval

4.3 Review and Approval

Responsibility		Instructions
Department Director	1)	Review purchase order. Check to see if funds are available. Approve by signing.
Finance Department	2)	In accordance with Section 6, Procurement Approval Matrix, verify availability of funds and encumber all procurements over $500.
City Manager	3)	When required, review purchase and approve by signing. If required, submit request to City Council for procurement authorization.

4.4 Processing the Purchase Order

a. For routine orders by mail

Responsibility		Instructions
Department Originating the Purchase Order	1)	Retain the pink Receiving copy and gold Department copy.
	2)	Forward Finance (blue) copy to Finance and attach price quote/documentation for procurement over $500 in accordance with HMC 3.16.030.
Finance Department	3)	In accordance with Section 6, Procurement Approval Matrix, verify availability of funds.
	4)	Encumber purchase amount.
Department	5)	Mail white copy to vendor for placement or order.

b. Ordering by telephone

Responsibility	Instructions
Department Originating the	1) Follow step 1 above (for routine mail ordering)

Purchase Order	2)	Follow step 2 above
Finance Dept	3)	Follow step 3 above
Department	4)	Place order with vendor and stamp vendor copy (white) with confirmation stamp indicating date of telephone order and vendor contact
	5)	Mail confirmation of order to vendor

4.5 Expediting and Receipt of Goods and Services

Responsibility		Instructions
Department Purchase Order	1)	Monitor time interval of placement to receipt and note vendor modifications of original purchase order.
	2)	Advise Finance of any alterations to PO such as availability, price change, quantity changes, substitutions
	3)	Upon receiving, verify: a. Price per unit b. Quantity received c. Quality of merchandise d. Transportation charges
	4)	Advise Finance of all irregularities in receipt of goods and services (in memo form): a. Inferior quality b. Short/over shipments c. Excessive transportation charges d. Any new negotiations with vendor
	5)	Establish correctness of order and complete pink (receiving) copy of PO by indicating date received and quantity of item or service received or copy of receiving copy to attest partial shipment
	6)	Send pink copy to Finance for payment processing

4.6 Open Purchase Orders

Open purchase orders are used for those merchants from whom repetitive purchases of supplies are made. Services and merchandise from vendors under $200.00 can be charged on open POs.

Responsibility		Instructions
Purchasing Clerk	1)	Initiate an open PO at the beginning of an accounting period or for a set time period (e.g. frequent supplies 1 month, less frequent quarterly) and a set dollar amount (e.g. average purchasing activity for specified period).
	2)	Indicate on open PO the employees who are authorized to charge on account. (List the number of employees authorized to charge on account.)
	3)	Use the most frequent budget line item which we associate with the specific vendor for obligating the funds.
	4)	Send PO to department director for review and approval.
	5)	Send vendor copy and Finance copy to Finance for encumbrance.
	6)	After approval advise employees/staff of current PO number with specific vendor.
Department Director	7)	Review authorized personnel list and duration of PO and amount and verify funds.
Finance	8)	Encumber open PO and forward vendor copy.
Employee/Staff	9)	Employee purchasing items will give vendor the assigned PO number and sign the charge ticket from the vendor. Charge tickets must show reference to PO and an authorized signature.
	10)	Charge tickets must be turned in to Purchasing Clerk for appropriate review as to price, quantity and quality.
Purchasing Clerk	11)	Reviews correctness of charge and records appropriate line item of department budget, forwards it to

		Department Director for approval and immediately forward charge ticket to Finance.
Finance Department	12)	Matches charge tickets with vendor statement at month end, check for financial correctness and monitor open PO duration. At the end of the set accounting period any unused funds encumbered will be liquidated.

Title: **USAGE OF CHECK REQUESTS AND PROCESSING PROCEDURES**
Amended by Resolution 01-13(s)

1.0 PURPOSE AND SCOPE

1.1 To accommodate expenditures not covered by purchase orders because of type, urgency, impromptu purchases, in lieu of invoices.

2.0 DEFINITION

Check Request - a disbursement request from authorized source.

3.0 USAGE

3.1 A check request should be used for an installment type of disbursement in connection with an annual PO (e.g. allowances, service contracts, rents).

3.2 An immediate request for disbursements (e.g. COD shipment, down payment, prepays).

3.3 A request for payment to other agencies (interagency transfer, e.g. federal revenue sharing disbursement).

3.4 Any type of refunds for utilities, service connects, overcharges to utility customers.

3.5 Reimbursement requests should be documented with appropriate receipts.

3.6 Disbursement requests for dues, fees.

3.7 Salary advances

3.8 Petty cash reimbursements.

4.0 PROCEDURE FOR PREPARATION OF CHECK REQUEST

Responsibility	Instruction
Purchasing Clerk or initiator	Request payment by a) filling in complete address with vendor ID# b) date issued c) amount d) date needed e) describe in detail f) identify payment g) explain h) identify budget line item I) PO # if applicable j) forward for review and approval
Department Head	Review and approve Forward to Finance
Finance Dept.	Check for priority of request and disburse accordingly after verifying proper approval.

CHECK REQUEST DATE_____

PLEASE MAKE CHECK PAYABLE TO:

_____

_____

_____

DESCRIPTION/REASON FOR REQUEST:

_____

_____

ACCOUNT NUMBER	AMT$
ACCOUNT NUBMER	AMT$
ACCOUNT NUMBER	AMT$
ACCOUNT NUMBER	AMT$
ACCOUNT NUMBER	AMT$

AMOUNT TOTAL $ _____

REQUESTED BY_____ APPROVED BY_____

_____ _____

DATE CHECK NEEDS TO BE MAILED _____ **OR** PERSON TO RETURN CHECK TO

CITY OF HOMER
PRICE QUOTES FOR GOODS AND SERVICES OVER $2000

VENDOR NAME/ VENDOR CONTACT	DATE	DESCRIPTION	PRICE SHIPPING	INCLUDING CHARGE	MODE TRANS	VENDOR EVALUATE
1) QUOTE						
2)						
3)						

Purchasing Agent: _____
Department: _____
Date: _____

(attached to encumbrance copy or PO)

DOCUMENTATION FOR DISBURSEMENTS

Type of Purchase/Service	Purchase Order	Check Request	Travel Expense Report	Invoice Approval
Salary Advance		X		
Frequent Purchases/Specialized Merchandise/Services	Estimated monthly, quarterly or annual expenditures -Open PO			X
Local Purchases Specialized Merchandise/Service	Price quotes PO			
Down Payment on Merchandise/Service	Price quotes PO	Negotiate Amount X		
Balance on Merchandise/Service	Price quotes PO			
Merchandise/Service (out of town-specialized)	Price quotes PO		X	
Subscriptions/Prepays	PO	X		
Membership/ Dues		X		
Leases, Rents (budget items)	Annual PO (monthly)			
Maintenance Agreement	Annual PO (monthly)			
Professional Service (legal, medical, accounting, audit)	Estimate if possible w/PO			X
Professional Service (Data Processing, Special Consulting, Engineer, Survey)	Quote/bid/PO			
Contract	Quote/bid/PO	Contractors pay request X		
Capital Project Expenses	Open PO			
Education/Training, Training Seminars (registration)		W/ enrollment card X		
Utilities/Communications	No	No	No	No
Insurance	No	No		X
Refunds (Utility, Port user fees)		X		
Employee Reimbursements		W/ receipts X	Travel X	
Interagency Transfers		X		
Installment Type: Service Contracts, Rents, Allowances	Annual PO	X		

Petty Cash Reimbursements		W/ receipts X		

Title: **BUSINESS TRAVEL PROCEDURES**

Amended by Resolution 01-13(s), 00-07, 00-05, 95-78(A), 95-28 and 94-74(A),

1.0 POLICY

1.1 Travel authorization forms must be completed and approved prior to traveling for the City of Homer for trips exceeding $250 total estimated cost.

1.2 At completion of the travel and expense report, with receipts attached, must be submitted to Finance. Mayor and Council complete a Travel Expense Report Narrative following an outline specified by the City Council must be submitted to the City Clerk, who will distribute it to the City Council.

1.3 a. Travel advances must be accounted for within 10 days after the completion of travel. Travel expense report must be submitted to finance within 10 days of completion of travel. . If the total travel advance is not utilized, a refund check is required to be attached to the travel expense report.

b. Mayor and Council travel reports are not due to finance until approved by the City Council. If you did not use your advance, a refund check is required to be attached to the travel expense report submitted to Finance.

1.4 Travel advance request need to be submitted to Finance two weeks before travel is to commence. Checks will be issued in accordance with the accounts payable policies. Travel advances will be issued the accounts payable check run immediately proceeding travel.

2.0 PURPOSE AND SCOPE

These instructions establish the guidelines for accounting for expenses when traveling for the City of Homer.

3.0 DEFINITION

The travel authorization permits an employee of the City of Homer to conduct business or to receive training beneficial for the City.

The travel expense report is a daily log of expenses while on business or training for the City of Homer.

The Travel Report Narrative is a written account containing the dates, people, and topics of discussion had by the Mayor and members of the Homer City Council, along with any recommendations for follow-up, while conducting business or receiving training

beneficial for the City of Homer.

4.0 PROCEDURE

4.1 Travel Authorization

Authorizations shall be as follows:

A. Mayor and City Council - place on consent agenda. The Mayor and/or Council may approve a trip required for short notice. Authorization is still to be placed on the next Consent Agenda.
B. City Manager, Mayor approval.
C. Department Heads, City Manager approval.
D. All other employees Department Head and City Manager approval.

Responsibility	Instructions
Employee	1) Complete travel authorization form as attached a) Employee name, department and date (see attached form #1) b) Destination, date of departure, date of return, account code (see attached form #2,3,4) c) Explain purpose of travel (#5) d) Mode of travel (#6) e) Amount of advance requested (#7)
Employee	2) Requested by: Employee signature
Department Director	3) Approved by: Department Director signature
City Manager	4) If required, review and approve by signing
Finance	5) When travel advance requested, Finance prepares check for traveling employee and returns travel authorization to dept.

4.2 Travel Arrangements

Responsibility	Instructions
Purchase Clerk/ Employee	1) Prepare Purchase Orders for travel according to Purchase Order instructions

2) Prepare enrollment sheets for seminars, conferences with check requests

3) If applicable, prepare check request for room deposits for lodging

4.3 Travel Expense Report and Travel Report Narrative.

Approval shall be as follows:

A. Department Heads - City Manager approval.
B. All other employees - Department Head and City Manager approval.

Responsibility	Instructions
Employee	1) Complete travel expenses report. Mayor and City Council members complete Travel Report Narrative. a) name, department, date of request b) date of daily expenses c) location of employee at time expense incurred d) report daily mileage of personal car e) lodging f) meals-City personnel and Council-members per diem allowance for meals and incidentals, $58 daily. No receipt required, no reimbursement for amounts exceeding the daily limit. When conference registration fees provided for meals; the per diem would be reduced by: $13 for breakfast, $15 for lunch; and $30 for dinner. The per diem rate does not apply to meals included in conference registration. g) Meals for others. Business related expense for others requires a receipt, indication on receipt who dined at city expense. h) transportation-limit the reimbursement amount for use of personal vehicle to no more than the cost charged by commercial carrier for the same trip, including rental cars. I) special fees

j) business telephone
k) miscellaneous expenses
l) total daily expenses
m) fill out Travel Report Narrative form detailing who was seen and when, what was discussed, and recommendation for follow-up, if any is required.

2) Substantiate expenses with individual receipts. All receipts submitted for reimbursement of travel expenses shall clearly identify the purchase.

3) Sign completed form and remit amount of advance not used

Department Head

4) Approve expenses by signing.

5) Verifies purpose of travel

Finance

6) Verifies expenses and prepares check less advance (if applicable) after submittal of Travel Report Narrative by Mayor and/or Council members to City Council.

7) If you did not use your travel advance, a refund check is required to be attached to the travel expense report that is sent to Finance.

T.A. #

City of Homer
Travel Authorization

1	EMPLOYEE NAME	DEPARTMENT		DATE	
	Destination	Date Depart	Date Return	Business	Training
2					
3					
4	PURPOSE OF TRAVEL				
5	MODE OF TRAVEL: AIR ☐ CITY VEHICLE ☐ EMPLOYEE VEHICLE ☐				

Requested By:_____ Director Approval:_____ City Manager Approval:_____

FOR FINANCE DEPARTMENT USE			
A	TRAVEL ADVANCE AMOUNT $	B	ACCT NUMBER:

1. Travel advance requires that you follow the accounts payable procedure and have your request to accounts payable the Friday before the checks are written. Make sure your request has been received by accounts payable or you may not get a check.
2. Travel advances must be accounted for 10 days after the completion of travel. That means you need to have the travel expense report completed with receipts in finance 10 days after you travel. If you did not use your advance, a refund check is required to be attached to the travel expense report that is sent to finance.

Travel Dates						
Meals not paid in registration fee.	BREAKFAST $13.00					
	LUNCH $15.00					
	DINNER $30.00					
Mileage	PERS. AUTO $0.505/mile					
Total						

Updated 02/11/08, Reso. 08-19(A)

Travel Expense Report

Employee:			Department:				Date:			
1.	Dates:									
2.	City:	From :								
RT		To :								
3.	Miles – Personal Auto									
4.	Lodging									
5.	Meals	Breakfast $13								
5a.		Lunch $15								
5b.		Dinner $30								
6.	Transportation:									
6a.	Personal Auto	0.505								
6b.	Taxi, limo, etc.									
6c.	Air, Bus, Ferry, Rental									
7.	Special Fees									
8.	Communications									
9.	Miscellaneous									
10.	TOTAL [4 through 9]			$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

All reimbursements must be substantiated as to time, place, cost and purpose.

Employee Mileage: Enter total miles in line 3 and the correct dollar amount will be calculated on line 6a.

Total:	$0.00
Less Advance:	$0.00
Balance:	$0.00

Employee Signature:

Approved by:

Comments:

Travel Account:	100-5236-120:	$0.00
Subsistence Account:	100-5237-120:	$0.00
Training Account:	100-5603-120:	$0.00
Total Travel Expense		$0.00

Vendor Number:

T.A. Number:

Title: **GLOSSARY OF TERMS AND DEFINITIONS**

Architectural/Engineering Services (A/E) - A/E services rendered by persons other than employees of the City contracted to perform activities normally related to the Architectural or Engineering profession. The end product is normally plans, specifications and estimates or a report.

Agreement - A binding contractual obligation between two organizations or parties as witnessed by signatures of responsible persons from each organization or party.

Approval - Recorded support or endorsement (including the date and signature, stamps, or initials of the person) of a document or activity.

As-Built Data - Documented data that describes the condition actually achieved in a product (generally used with reference to drawings).

Audit - An activity usually performed by an independent group to determine, through investigation, the adequacy of, and adherence to, established procedures, instructions, specifications, codes, and standards or other applicable contractual and licensing requirements and the effectiveness of implementation.

Award - The act of communicating a judgment or decision to accept a seller's offer; the acceptance must be communicated to the seller.

Bid - An offer to perform a contract for work and labor or supplying materials at a specified price. A bid is usually in response to an invitation for bid or a solicitation. (Also see Proposal)

Bid Bond - A written obligation that the contractor will execute the contract for the price bid.

Bid Package - The drawings, specifications, standards, and other documents specifying requirements that completely describe the task or item on which a prospective contractor will bid.

Bid Evaluation - The technical, financial, and commercial evaluation or appraisal of a bid to determine if the bid is responsive to needs and requirements.

Buyer/Owner - The City or department responsible for issuance or administration of procurement documents.

Capital Equipment - Equipment valued at over $1,000 per unit.

Certification - The action of determining, verifying, and attesting in writing to the qualifications of personnel or materials.

Change Order - A formal change to a contract or the purchase order that is reviewed and approved by the City. (See Contract Modification)

City Contract, Purchase Order and/or Change Order - A legally binding document, when fully executed, committing both the City and a contractor, vendor and/or a supplier.

Claim - An assertion or demand by one contracting party on another for monies, time, support and work due him for exposure (e.g., damage, shortage, error in shipment) not specifically defined in the contract.

Competitive Contracting - Consideration of more than one source, as may be evidenced by competitive requests for proposals, to insure full and free competition consistent with the types of services required and necessary to meet the needs of the City.

Consultant Services - Services of an individual or organization engaged in an advisory capacity on an intermittent basis to provide scientific, technical, or administrative expertise. The end product is normally a report or recommendation (s) based upon data obtained from the City or others.

Contract - A legally binding agreement between two parties or organizations for the provisions of items or services by the one to the other. (See also Purchase Order)

Contract Administration - The activity of administering contracts, including those acts to determine conformance, communications regarding contractual matters, and processing of contract modifications.

Contract Modification - Any written alteration in the specification, delivery point, rate of delivery, contract period, price, quantity, or other contract provisions to an existing contract, whether accomplished by unilateral action in accordance with a contract provision or by mutual action of the parties to the contract. It includes (I) bilateral actions such as supplemental agreements and (ii) unilateral actions such as change orders, orders for provisioned items, administrative changes, notices of termination, and notices of the exercise of a contract option.

Contractor - Any organization under contract to furnish items or services. It includes the terms vendor, supplier, subcontractor, and fabricator and the subtier levels of these, where appropriate.

Cost-Reimbursement Contract - A contract where the contractor is reimbursed for actual cost incurred in the performance of the contract.

Delegated Authority - The authority given by formal agreement to perform designated activities.

Delivery - The physical and/or legal transfer of a shipment from consignor to consignee. In determining whether a component has been delivered, the basic element is if or when the purchaser has taken legal possession of the item. (See also Receiving)

Designated Representative - An individual or organization authorized by the purchaser or vendor to perform functions in the procurement process.

Documentation - Any written or pictorial information describing, defining, specifying,

reporting, or certifying activities, requirements, procedures, or results.

Emergency Purchases - A requirement which arises from a situation where a threat to public health, welfare or safety such as may arise by reason of floods, epidemics, riots, equipment failure or such other reason may be proclaimed by the City Manager or his authorized delegate. The existence of such condition creates an immediate and serious need for supplies, services or construction that cannot be met through normal public bidding methods and the lack of which would seriously threaten (a) the health or safety of any person, (b) the prevention or protection of property.

Earned Fee - The contractor's compensation for completing a specific task or providing a specific work product.

Equipment - The articles or implements used in an operation, activity, or process.

Exception - Any article, item, material, or configuration in which objectionable points are noted or recorded.

General Scope - That work which is fairly and reasonably within the contemplation of the parties when the contract was entered into.

Guaranty - Promissory obligations of one party to undertake to be secondary liable for the obligations of another party.

Invitation for Bid - The complete assembly (bid package) or related documents (whether attached or incorporated by reference) that is furnished prospective bidders for the purpose of bidding. The notice to bidders is a means of publicizing the invitation for bids.

Lump Sum - The total amount to be paid to a contractor for completing a given contract scope of work ("Lump Sum Contract") or for completing a specific task or providing a specific work product.

Material - A substance or combination of substances forming components, parts, pieces, and equipment items. (Intended to include machinery, castings, liquids, formed steel shapes, aggregates and cement).

Negotiation - A process of conferring with another to arrive at a mutual settlement of some matter.

Notice to Bidders - A formal notification to prospective suppliers, usually published in local newspapers, of the City's intention to purchase specific equipment, materials, supplies, or services.

Payment Bond - A written obligation that a contractor will pay all labor, materialmen and subcontractors amounts due them so that liens are not filed.

Performance Bond - A written obligation that a contract will be completed as bid and the end product will be free of liens.

Pricing - To determine or set the amount of money to be paid for an item, material, or service.

Procedure - A document that specifies or describes how an activity is to be performed by a division, department, operation, or function and includes interface relationships between organizations. It assigns responsibility for performance of the activity. It may include methods to be employed, equipment or materials to be used, and sequence of operation. Procedures are approved by the appropriate issuing authority.

Procurement - An activity that includes purchasing, contracting, renting, leasing, or otherwise obtaining materials, equipment, supplies, or services. It includes all functions that pertain to the obtaining of supplies and services, including description (but not determination) of requirements, selection and solicitation of sources, preparation and award of contracts, and related phases of contract administration.

Procurement Documents - Purchase orders, drawings, contracts, specifications, or instructions used to define requirements for purchase.

Procurement Function - The responsibility to deal with contractor/suppliers on behalf of the City and perform staff work in support of final actions taken by persons with assigned signature authority.

Proposal - An offer by one party or organization to another of terms and conditions with reference to some work or undertaking. A proposal is in response to a solicitation for proposals and is usually associated with procurement by negotiations. (See also Bid).

Proprietary Information - Information considered by the originator or holder in due course to be of value, the disclosure of which may result in financial harm, loss of competitive advantage deterioration of market share, or other detriment to the holder.

Proprietary Information Handling Agreement - An agreement between the City and a contractor concerning the disclosure and handling of proprietary information.

Purchase Order - A contract for the purchase of goods or services. The purchase order established the binding requirements with the supplier for goods or services delivered. (See also Contract)

Purchaser - The organization responsible for establishment of procurement requirements and for issuance and administration of procurement documents.

Quality - The degree of conformance of an item or material to the specified requirements.

Receiving - The action of taking delivery of an item at a designated location.

Receiving Inspection - The activity encompassing observation, examination, measurement,

testing, and documentation of an item, part, or materials at the time it is received to assure that it conforms to the procurement requirements.

Reject - A disposition that provides that the item is unsuitable for its intended purpose and rework or repair is not economically feasible; the item is, therefore, removed from possible use.

Repair - The process of restoring a nonconforming characteristic to a condition such that the capability of an item to function reliably and safely is unimpaired, even though that item still may no conform to the original requirements.

Responsible - Ready, willing and able to perform the work.

Responsive - Complies in all material respects with the essential provisions of the Invitation for Bids or the Request for Proposals.

Rework - The process by which a nonconforming item is made to conform to a prior specified requirement by completion, remachining, reassembling, or other corrective means.

Seller - Any individual or organization under contract for furnishing goods or services, including the terms vendor, supplier, contractor, subcontractor, fabricator, and consultant and the lower-tier levels.

Services - The performance by a contractor of activities such as design, fabrication, inspection, repair, or installation.

Signature Authority - The authority to sign a document that formally commits the City.

Solicitation - The act of inviting prospective bidder to bid.

Specification - A concise statement of a set of requirements to be satisfied by a product, a material, a service, or process indicating, whenever appropriate, the procedure by which it may be determined whether the given requirements are satisfied.

Supplement Agreement - A contract modification that is accomplished by mutual action of the parties or organizations to the original agreement.

Supplies - The quantities of goods and services offered for sale at a particular time or at one price.

Surety - A third party who has become legally liable for the debt, default or failure of performance by a City contractor.

Technical Services - The performance of work or by activities that generate date/information. Technical Services can be categorized either as professional or non-professional, depending upon that nature of the service provided. End product is usually a report or service but may be a physical thing such as a model.

Testing - The determination or verification of capability of an item to meet specified requirements by subjecting the item to a set of physical, chemical, environmental, or operating conditions.

Warranty - Promissory obligations of one party to undertake to be secondary liable for the obligations of another party.