

**CITY OF HOMER
HOMER, ALASKA**

City Manager

RESOLUTION 24-083

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
ADOPTING THE REVISED CITY OF HOMER PROCURMENT POLICY
MANUAL.

WHEREAS, The City of Homer Procurement Policy was last revised in 2013; and

WHEREAS, A Finance Working Group made up of staff from all City departments was developed in 2023 and one of their tasks was to review and make recommendations for updates to the existing procurement policy; and

WHEREAS, The City worked with Carmen Jackson, LLC, a term contract holder, to consider and implement the Finance Working Group's proposals, update outdated procedures and language, and include necessary verbiage regarding state and federal requirements; and

WHEREAS, The Council Member finance champions spent time with the City Manager and Finance Director in reviewing and further refining the manual.

NOW, THEREFORE, BE IT RESOLVED by the Homer City Council hereby adopts the revised City of Homer Procurement Policy Manual included with this resolution as Attachment A.

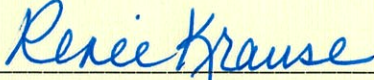
PASSED AND ADOPTED by the City Council of Homer, Alaska, this ~~26~~²⁶th day of August, 2024.

CITY OF HOMER



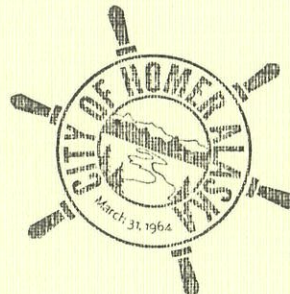
KEN CASTNER, MAYOR

ATTEST:



RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: N/A





MEMORANDUM

Ordinance 24-35, Amending HCC 3.16 and Resolution 24-083, Adopting the Revised Procurement Policy

Item Type: Backup Memorandum
Prepared For: Mayor Castner and Homer City Council
Date: August 12, 2024
From: Melissa Jacobsen, City Manager

The current version of the City's Procurement Policy and Procedures Manual was last revised in 2013. The policies are outdated and require updates to bring them in line with the City's current needs.

In 2023 a Finance Working Group was developed and is made up of staff from all City departments that work with procurement in some way. A survey went out to the working group and department directors seeking feedback on what challenges they have with the current policy, and the key responses were related to spending authority and lack of clarity/ease of use.

Following the staff survey, the City engaged with Carmen Jackson LLC, an accounting firm that holds a term contract with the City, to assist in drafting a revised policy manual that takes into account feedback from the survey, current best practices, and reference to state and federal regulations. I also collaborated with former Fire Chief Robert Purcell for guidance in adding a section for procurements under an emergency declaration. Lastly Council Members Lord and Davis, who are working with staff as finance champions, reviewed the documents with me and Finance Director Fisher before bringing these revisions to Council.

As a result of this work, the revised Procurement Policy and Procedures Manual and an ordinance amending Homer City Code 3.16 Procurements are provided for Council's consideration.

Key changes to the policy include:

- Inclusion of a statement of General Policies
- Increase in spending authority
 - Division Directors/Second in Command from \$3,000 to \$5,000
 - Department Heads from \$4,000 to \$10,000
 - City Manager from \$10,000 to \$50,000
 - City Council approval for procurement over \$50,000
- Revised procurement matrix
- Defined spending levels and approval requirements for small, intermediate, and large purchases
- Clarified purchasing procedures and Invitation to Bid/Request for Proposals process
- Addition of a section for procurement under a local disaster emergency declaration

RECOMMENDATION: Adopt Ordinance 24-35 and Resolution 24-083

Link to current Procurement Policy and Procedures Manual- <https://www.cityofhomer-ak.gov/cityclerk/procurement-policy-and-procedures-manual>

Procurement Policy



Adopted by Resolution 24-083:

City Clerk's Office
491 E. Pioneer Avenue
Homer, AK 99603
(907) 235-3130
clerk@cityofhomer-ak.gov
www.cityofhomer-ak.gov/cityclerk

UPDATED 9/25/13; 07/31/2023



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1. General Policies

This manual is provided as guidance to all procurement activity in the City of Homer. It has been developed to ensure compliance with the direction of the City Council, the Homer City Code, and sound business practices. Policies and procedures in this manual assume procurement amounts have been approved by City Council through the budgeting process. All amounts that exceed departmental budgets and that were not a part of the budget process require approval by the City Council. The manual will be developed, maintained, and implemented by the Finance Director. The City Manager will be responsible for ensuring compliance throughout City functions. Updates to the manual will be approved by City Council. The procurement manual shall be reviewed annually by the Finance Department to ensure compliance with state and federal laws and regulations.

1.1 Purpose

The purpose of the contained policies and procedures is to ensure that supplies, materials, services, and construction are procured efficiently, effectively, and at the most favorable prices available without creating unreasonable administrative burdens and restrictions.

The City aims to provide for the fair and equitable treatment of all persons or organizations involved in the provision of goods and services to the city while maximizing the purchasing value of public funds. The City's purchasing actions shall be in compliance with applicable state and federal standards, regulations and laws. This manual is intended to be used alongside Homer City Code.

1.2 Compliance

When a procurement involves the expenditure of state or federal grant, assistance or contract funds, the procurement shall be conducted in accordance with any applicable mandatory local, state, or federal law and regulation. Nothing in this manual shall prevent the City from complying with the terms and conditions of any grant, gift, or bequest which is otherwise consistent with the law.

1.3 Changes in Policy/Procedure

The City Manager and Department directors are authorized by the City 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 signing and making changes to contracts/purchase orders.

1.4 Authorization and Approvals

Levels of authority to commit funds or perform related procurement activities of the City have been established by the City Council. Depending on the situation as outlined in this manual and/or City Code, Procurement actions outside prescribed limits set for department directors and the City Manager shall be submitted to the City Council for approval.

Department directors or the City Manager may grant spending authority to designated staff for amounts up to the director's own maximum authority. A memorandum appointing a designee must be on file with the Finance Department. The memorandum shall include justification for the designation, period of designation, specific approval limitations, and shall be signed by the Department Director, City Manager and Finance Director, as outlined in 2.1 Procurement Matrix.

Purchase Authorization Levels:	Maximum
Departmental Staff	\$1,000
Division Director/Second in Command	\$5,000



Department Director (single signature)	\$10,000
Department Director, Finance Director, & City Manager (combined signatures)	\$50,000
City Council	\$50,000+

1.5 Documentation of Purchase Process

Every undertaking of the City involving the expenditure of City money, no matter the amount, shall be in writing in the form of a purchase order, check request, P-Card, written communication, travel voucher or contract, as may be appropriate. Required documentation is referenced in 2.1 Procurement Matrix.

1.5.a Clarifications

- A. No officer or employee of the City shall have the authority to enter into any oral agreement involving the expenditure of money.
- B. Separate purchase orders shall not be issued for the purpose of circumventing the requirements and limitations of this title.
- C. References in this manual to matters required to be in "writing" or to be "written" may include electronic communication unless procedures are otherwise prescribed.

1.6 Verification of Funds Available and Budgeted

The department director is responsible for ensuring funds are available and allocated within the appropriate departmental budget before purchases are made. The Finance Department will verify availability of funds and encumber procurements as appropriate.

2. Procurement Policies

2.1 Procurement Matrix

Purchase Type & Amount	Procurement Process	Documentation Required	Authorization	Council Notification
Incidental <\$5,000	On open market with reasonable and practical competition	Purchase Order or Check Request as appropriate Receipt, Packing Slip, Invoice	Division Director/Second in Command	none
Small \$5,000 - \$10,000	On open market with such competition (2 quotes) as reasonable and practical. Award to lowest qualified quote.	Purchase Order or Check Request as appropriate All quotes gathered Receipt, Packing Slip, Invoice	Department Director	none



Intermediate \$10,000 - \$50,000	On open market with such competition (3 quotes) as reasonable and practical. Award to lowest qualified quote.	Purchase Order or Check Request as appropriate All quotes gathered Receipt, Packing Slip, Invoice	City Manager Finance Director Department Director	At next scheduled meeting
Large >\$50,000	Competitive bids or proposals	Bid or proposal Documented selection process/decision making Contract	City Manager Finance Director Department Director	Council notification of bid/proposal process. Council Approval Required BEFORE purchase

2.2 Incidental (less than \$5,000)

Incidental purchases are those purchases less than \$5,000 for one item or in aggregate. These purchases may require a purchase order (PO) and/or check request. Items may also be purchased using a Procurement Card (P-Card) as indicated in the respective section of this manual. Division Director/Second in Command must approve purchases over \$1,000 and up to \$5,000.

2.3 Small Purchases (less than \$10,000)

Small purchases are those between \$5,000 and \$10,000 for one item or in aggregate. Small purchases require at least two quotes with the purchase being made from the vendor with the lowest qualified quote. See 2.1 Procurement Matrix for examples. Small purchases must be approved by the department director before purchasing.

2.4 Intermediate Purchases (\$10,000 - \$50,000)

Purchases between \$10,000 and \$50,000 that are allocated for in the current operating and capital budget shall be approved by the department director, Finance Director, and City Manager. Procurement procedures should include the collection of at least three quotes as is reasonable and practical. The purchase will be made from the vendor with the lowest qualified quote. Refer to HCC 3.16.060 for exceptions to bidding requirements and HCC 3.16.080 for local bidder preference guidelines. Purchases not budgeted for in the current fiscal year operating and capital budget require an ordinance for appropriation by council.

However, to create a more competitive environment to ensure the best possible value for the City, the department director or City Manager may determine that a sealed bid process is to be used instead.

2.5 Large Purchase (\$50,000+)

Purchases over \$50,000 require the City Manager to request competitive bids or proposals with notification to the City Council.

The City Manager may determine that a proposal process is the preferred method of procurement when the City would benefit from 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.

2.6 Purchasing Procedures



2.6.a Purchase Order Procedure

A purchase order will be used to purchase material, equipment, and supplies at the discretion of the department or at the request of the vendor. A purchase order may be used in conjunction with project contracts to obligate necessary funds.

A contract must be provided 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.

Department directors or designees are expected to promptly:

- A. notify the Finance Department, in writing, of any irregularities in the receipt of goods or services.
- B. advise the Finance Department of any alterations to a purchase order such as availability, price, quantity, or substitutions.
- C. verify items received match the purchase order by price, quantity, and assuring quality.
- D. submit all required documentation to the Finance Department in a timely manner.

Upon receipt of all required documentation for a purchase made through a purchase order, the Finance Department will ensure all information is documented and coded correctly. Once confirmed, the Finance Department will await vendor invoicing to process payment.

2.6.b Check Request Procedure

Check requests may be used for the following reasons:

- A. urgent or impromptu purchases
- B. an installment type of disbursement in connection with an annual PO (e.g., allowances, service contracts, rents)
- C. a request for payment to other agencies (interagency transfer, e.g., federal revenue sharing disbursement)
- D. any type of refunds for utilities, service connects, overcharges to utility customers
- E. reimbursement requests should be documented with appropriate receipts
- F. disbursement requests for dues, fees
- G. petty cash reimbursements.

The appropriate department director and Finance Director must approve the request before the Finance Department processes for payment as outlined in 2.1 Procurement Matrix. **See Appendix 2 – Check Request.**

2.6.c Purchase Quotes

Purchase quotes should be obtained through the open market and documented with the following information:

- A. vendor name and contact information
- B. date quote obtained
- C. item description
- D. price per unit, including shipping



- E. transportation mode
- F. evaluation of performance of vendor
- G. quote sheet (See Appendix 3 – Quote Sheet)

2.7 Invitation to Bid and Request for Proposal Process

2.7.a Bid/Proposal Announcement and Collection Process

When the determination has been made to collect competitive bids or proposals, the following steps will be taken by the department director, or designee:

1. Develop Invitation to Bid (ITB) or Request for Proposal (RFP)–

The ITB/RFP shall state or reference all specifications and contractual terms and conditions that must be responded to and the factors that will be considered in evaluation. Also included will be requirements for two part submissions (Part A/B), for any announcements or addendums, submission requirements, submission date, and expected date of announcement of lowest bidder/winning proposal.

Bids are required to 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.

Bidders/Proposers will be required to submit a plan holder's registration form to the City Clerk to be added to the City's Plan Holders List.

2. Advertising ITB/RFP - The minimum requirement for advertising for bids/proposals shall be a notice calling for bids/proposals 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 ITB/RFP shall be on file at the City for public inspection. The ITB/RFP shall also be listed on the City's website.

In addition to the minimum requirement for advertising, the ITB/RFP may be sent directly to perspective bidders/proposers and relevant established trade association by the City Manager, or designee, as appropriate.

3. Plan Holders List - The City Clerk's Office shall maintain an official plan holders list of all bidders/proposers.

a. This list shall contain the bidder/proposer's 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 ITB/RFP documents, any addenda and etcetera.

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

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

4. Bid/Proposal Closing

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



advertisement.

- b. Submissions shall be turned in at the City Clerk's office to be time stamped and retained until the date of opening.

5. Sealed Bid Opening Procedure

- a. The applicable Department Director and Finance Director 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.

- 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. Sealed Proposal Opening Procedure

- a. The applicable department director and Director of Finance or their designees shall conduct the proposal opening.

- b. The proposal opening shall generally be conducted in the following manner:

- Introduction of staff.
- Announce dates of proposal period.
- Announce the expiration of the period.

- c. Determine responsiveness of proposals by:

- Opening proposals in the order received.
- Read aloud/announce: Name of proposer, address of proposer and date and



time received.

- Determine if proposer provided all submittals in the form specified by the Request for Proposal (e.g., Business License Number, Addendum Acknowledgment, EEO Form, etc.).
- Proposals which do not include the submittals in the form specified by the Request for Proposal shall be determined to be non-responsive and shall be set aside.

d. Record proposer information on Proposal Register.

e. Announce the Close of Proposal Opening and that an award will be made after concluding the technical evaluation of the proposals.

2.7.b Procurement Bid/Proposal Evaluation Policy

Bids/proposals shall be evaluated by the department director in accordance with the specific terms and evaluation criteria set forth in the ITB/RFP. Terms and criteria may vary from project to project. Bids/proposals shall be reviewed for completeness, price, commercial responsiveness, technical responsiveness, and responsibility. 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. Packages shall be unconditionally accepted without alteration or correction, except that pricing ambiguities will be corrected.

The City Manager shall determine if a bidder/proposer has been responsive and is to be considered responsible under the conditions of the bid/proposal as described in HCC 3.16.070.

To prevent the perception that the bid/proposal process involves collusion or anti-competitive practices, communication with bidders/proposers 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/proposers.

Bids that exceed the Engineer's Estimate by more than 15% may be rejected.

Proposals remain confidential until a contract is approved by City Council by Resolution.

2.7.c Fair Cost Estimate

In contracts for public improvements exceeding fifty thousand dollars (\$50,000), the design engineer shall prepare fair cost estimates prior to bid/proposal opening or initiation of negotiations for procurement. Also, significant change orders require some form of pricing estimate as follows:

- Engineer's cost estimates may be used at any time and are preferred prior to negotiation of changes with a defined scope.
- Proposal evaluations may be used for negotiation of all complex changes not suited for fair cost estimate preparation.
- Proposal evaluations may be used for contractor claims.

2.7.e Notice of Intent to Award

After the responses to bids have been opened and evaluated the Department Director will prepare a Notice of Intent to Award that includes a bid tabulation. This serves two purposes. It lists the name of each company or person that offered a bid and the price they bid. It also provides notice of the city's intent to award a contract(s) to the bidder(s) indicated. A copy of the Notice of Intent will be emailed to each company or person who responded to the ITB. Bidders identified as the apparent low responsive



bidders are instructed not to proceed until a Purchase Order, Contract Award, Lease, or some other form of written notice is given by the city. A company or person who proceeds prior to receiving a Purchase Order, Contract Award, Lease, or some other form of written notice from the contracting officer does so without a contract and at their own risk.

After the responses to a request for proposals have been opened and evaluated the Department Director will prepare a Notice of Intent to Award that includes only the total proposed cost without a breakdown in fees that may be identified within the proposal. Proposers identified as submitting the winning proposal are instructed not to proceed until a Purchase Order, Contract Award, Lease, or some other form of written notice is given by the city. A company or person who proceeds prior to receiving a Purchase Order, Contract Award, Lease, or some other form of written notice from the contracting officer does so without a contract and at their own risk.

2.7.f Bid/Proposal Award Notification

Upon review and evaluation of the submitted bids/proposals, the City Manager proposes the selected winner to the City Council for approval and resolution of award. Once approved by the City Council, the City Manager or department director will provide a written notice of award to the City Clerk's office and the bidder/proposer. The department director, or City Manager, will then start the contracting process for the project.

Once awarded, all proposals may be available for public inspection.

2.7.g Contracts

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

A cost-reimbursement contract, or time-and-materials 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.

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

2.7.h Contract Retained Percentage Policy

During contract negotiations, the City Manager or designee will determine if a retainage percentage is necessary. If a retainage is required, the amount and schedule will be determined during negotiations. Retainage will be no more than 10 percent. The City shall pay the contractor interest on retainage in accordance with Alaska State Statute 36.90.250.

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.

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.

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



2.7.i Change Orders

A change order to an existing city contract shall require the approval of the city council when the proposed modification or change order increases the contract amount by fifty thousand dollars (\$50,000) or more. No work may proceed under a modification or change order requiring city council approval prior to approval by the city council.

The council shall be notified by written report at its next regular meeting of any modification or change order in excess of ten thousand dollars (\$10,000). Such notification shall include:

- A. The dollar amount of the original contract;
- B. The number of previous modifications or change orders;
- C. The dollar amount of each previous modification or change order and the total aggregated dollar amount of the previous modifications and change orders;
- D. The total dollar amount of the contract as modified or changed; and
- E. A statement explaining the justification or need for the modification or change order.

Modifications and change orders shall not be arbitrarily divided into smaller amounts to avoid council approval thereof.

The city may make modifications or change orders in any city contract without council approval where in the judgment of the city manager a emergency or disaster exists which requires immediate action to remedy and where there is insufficient time or it is impractical to obtain council approval. Notice of such emergency or disaster modifications or change orders containing the information set forth in Section 3.

2.7.j Contract Bond Policy

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.

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.

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), or as determined by federal funding agency, 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.

If the bidder fails to enter into the contract and furnish the Performance Bond and Payment Bond within ten (10) 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.

2.7.k Exceptions to Competitive Bid/Proposal Process

A department director may recommend an alternative procurement procedure to the City Manager if such a procedure will best serve the needs of the City and is allowable under Homer City Code and other applicable laws. The City Manager shall review the recommendation and approve it before the procurement process proceeds. Depending upon the estimated amount of purchase, City Council approval or notification may be required (see procurement matrix).



The City Manager shall notify the City Council of the decision to use any procedure other than competitive sealed bids and the reasons for this decision at the next regularly scheduled City Council meeting.

The City Council may determine and make written findings that the public interest would be best served by not requiring competitive bids/proposals. The best interest determination may be based upon, but is not limited to, a finding that the services or articles can be procured at a lower cost without competitive bidding.

Authorized exemptions to bidding requirements include:

1. Negotiated procurement following unsuccessful efforts to obtain competitive bidding.
2. Small procurement, below \$25,000.
3. Emergency procurement.
4. Procurement of consultant and technical services.
5. Procurement of real estate.
6. Procurement of architect-engineer, construction manager, or construction completion services.
7. Interagency agreements.
8. Utilization of State or local government contracts.
9. Sole source procurement (see 2.8.c)
10. Procurement resulting from competitive sealed proposals as defined in HCC 3.16.110.
11. Placement of insurance coverage.
12. Electronic data processing software and hardware. Competition will be sought to the maximum extent practicable.

2.7.I Protest

An interested party is defined in 2 AAC 12.990(a) (7) as "an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

If an interested party wishes to protest the content of a solicitation, the protest must be received, in writing, by the City Clerk at least ten days prior to the deadline for receipt of bids.

If a bidder or proposer wishes to protest the award of a contract or the proposed award of a contract, the protest must be received, in writing, by the City Clerk within ten days after the date the Notice of Intent to Award the contract is issued.

A protester must have submitted a bid in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:

- the name, address, and telephone number of the protester;
- the signature of the protester or the protester's representative;
- identification of the contracting agency and the solicitation or contract at issue;
- a detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and the form of relief requested.



All bidders will be notified of any protest.

If a protest is filed the award may be made unless the City Manager and Department Director determines in writing that a reasonable probability exists that the protest will be sustained; or stay of the award is not contrary to the best interests of the city.

The City Manager will issue a written response to the protest within 15 days after a protest has been filed. The response will set out the contracting officer's decision and contain the basis of the decision.

The decision of the City Manager may be appealed to the Superior Court within 30 days after the date the decision was issued. For the purposes of this section the date of issuance is the date upon which the decision was mailed or delivered to the parties.

2.8 Other Procurement Procedures

2.8.a Professional Services

The department director may request the City Manager to engage consultants/contractors or Architectural/Engineering (A/E) firms to perform services of a specialized scientific, technical, or administrative nature for short-term or periodic requirements. Consultant, 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 department director will follow 2.1 Procurement Matrix for consultant, technical or A/E services, stating concisely the general scope and nature of the project or work.

The department director will seek competition in contracting for these specialized services whenever practical. Normally, these contracts will be negotiated based on 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.

Upon review and evaluation of the submitted bids/proposals, the City Manager proposes the selected winner to the City Council for approval and resolution of award. Once approved by the City Council, the City Manager or department director will provide a written notice of award to the City Clerk's office and the bidder/proposer. The department director, or City Manager, will then start the contracting process for the project.

2.8.b Capital Equipment Procurement

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 long-term 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.

2.8.c Sole Source Procurement

Department directors may present for approval the procurement of supplies, materials, services, or construction through a sole source in the following situations:



1. Based on documented research, the goods or service is only available from one source.
2. When competitive procurement procedures have been followed, but a limited number, or no bids, quotations, or proposals have been received.
3. Products or services that support existing software or data exchange between public or private agencies are required for compatibility with existing equipment.
4. Purchase of patented articles.
5. When the federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the City.

Approval requirements are based on standard procurement procedures.

2.8.d Emergency Procurement

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. The City Manager has the authority to proclaim an emergency and to authorize emergency procurement. 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. The City Manager will notify council of emergency procurements below \$50,000 by memorandum and an emergency ordinance will be adopted to ratify procurements over \$50,000.

2.8.e Legal Review

All procurement actions having a significant impact on the City's legal rights or obligations will require legal review prior to implementation. Examples include:

- Capital Project contract agreements.
- Procurement actions over \$50,000 requiring City Council approval.
- Exceptions or modifications to standard terms and conditions.
- Lease or rental documents for capital equipment.
- Additional reviews as requested by department director, Finance Director, or City Manager.

In addition, suitable expressed warranty provisions will be considered for inclusion in terms of procurement through contract.

2.8.f Creation of Information Memorandum

An Information Memorandum is intended to ensure that the City Council is presented with relevant, accurate, timely, and complete information and recommendations. Further, it ensures that all parties that may assist with clarifying the issues, or affected by the outcome, may participate in the development of recommendations.

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

- A. Procurement Description - Describe concisely the nature of the procurement action.
- B. Background - Summarize 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.

- C. Justification - Summarize 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.
- D. Alternatives - If appropriate, each option for meeting the procurement requirement shall be described succinctly.
- E. Discussion - Comment 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.
- F. Fiscal Note – Explain-if the item is budgeted. If not budgeted, show the source from which monies should be made available. Include advantages of this action. Future cost or savings if applicable.
- G. Bid/Proposal Evaluation - State briefly why, or why not, a bid/proposal cycle was employed. Explain the evaluation method used and the outcome of the evaluations.
- H. Recommendation - State concisely the action recommended to the Council, and reference the option number listed under "Alternatives," if applicable.
- I. Next steps - A 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.

3. Procurement under Local Disaster Emergency Declaration

3.1 Introduction

When a local disaster happens and a declaration of emergency has been made in accordance with the City's Emergency Operations Plan by the Mayor, or the next person in the line of succession if the Mayor is not available to act, the procurement policy permits the waiving or suspension of standard procurement policies. These provisions only apply following the declaration of a local emergency.

3.2 Purpose and Goal

This section is limited to emergency protective measures, debris removal and other critical immediate needs to protect life and property or to restore essential services as well as preparing preliminary damage assessments and cost estimates.

The goal is maximum flexibility to meet critical needs with a concurrent understanding that the use of this authority will be reasonable and used with appropriate discretion.

This section does not apply to permanent repair work which is generally larger projects to repair or replace damaged or lost infrastructure.



3.3 Immediate Procurement Matrix under Local Disaster Declaration of Emergency

Purchase	Procurement Process	Documentation Required	Authorization	Council Notification
<\$50,000	Reasonable attempt should be made to seek 3 bids or proposals.	Verbal agreements are allowed, written documentation must follow for immediate emergency procurement	City Manager	none
50,000 - \$300,000	Reasonable attempt should be made to seek 3 bids or proposals.	Verbal agreements are allowed, written documentation must follow for immediate emergency procurement	City Manager	Within 72 hours
\$300,000 - \$500,000	Reasonable attempt should be made to seek 3 bids or proposals.	Verbal agreements are allowed, written documentation must follow for immediate emergency procurement	City Manager	Within 24 hours
>\$500,000	Reasonable attempt should be made to seek 3 bids or proposals.	Verbal agreements are allowed, written documentation must follow for immediate emergency procurement	City Manager	Council Approval Required BEFORE purchase

3.4 City Manager's spending authority under a local disaster emergency declaration

3.4a. The City Manager or their designee has the maximum expenditure authority of up to \$500,000 without prior City Council approval.

1. The City Manager or their designee must notify the City Council within 72 hours of procurements or contracts over \$50,000 and within 24 hours for expenditures over \$300,000.

2. Procurements would apply only when immediate attention is required and only to work/costs arising for costs directly related to the disaster.

3. This procurement authority is not permitted for ongoing regular business occurring during the declaration.

3.5 Exception to the bid and proposal process under a local disaster emergency declaration



3.5a. Reasonable attempts should be made to seek 3 bids or proposals for all work when immediate attention is required.

1. Verbal agreements with vendors or contractors with written documentation of the proposal and a written contract to follow for critical emergency work.

2. If time permits, documentation should be completed before the notice to proceed.

3. Documentation at the time of or shortly after the event occurs is required to record actions taken, reasons that verbal agreements were used, and/or reasons less than 3 bids or proposal was reasonably necessary.

4. 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 \$5,000 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)

Check Request - a disbursement request from authorized source.



- 523 **City Contract, Purchase Order and/or Change Order** - A legally binding document, when fully executed,
524 committing both the City and a contractor, vendor and/or a supplier.
- 525 **Contractor Claim** - An assertion or demand by one contracting party on another for monies, time, support
526 and work due him for exposure (e.g., damage, shortage, error in shipment) not specifically defined in the
527 contract.
- 528 **Consultant Services** - Services of an individual or organization engaged in an advisory capacity on an
529 intermittent basis to provide scientific, technical, or administrative expertise. The end product is normally
530 a report or recommendation (s) based upon data obtained from the City or others.
- 531 **Contract** - A legally binding agreement between two parties or organizations for the provisions of items
532 or services from one to the other. (See also Purchase Order)
- 533 **Contract Administration** - The activity of administering contracts, including those acts to determine
534 conformance, communications regarding contractual matters, and processing of contract modifications.
- 535 **Contract Modification** - Any written alteration in the specification, delivery point, rate of delivery,
536 contract period, price, quantity, or other contract provisions to an existing contract, whether
537 accomplished by unilateral action in accordance with a contract provision or by mutual action of the
538 parties to the contract. It includes (i) bilateral actions such as supplemental agreements and (ii) unilateral
539 actions such as change orders, orders for provisioned items, administrative changes, notices of
540 termination, and notices of the exercise of a contract option.
- 541 **Contractor** - Any organization under contract to furnish items or services. It includes the terms vendor,
542 supplier, subcontractor, and fabricator and the sub-tier levels of these, where appropriate.
- 543 **Cost-Reimbursement Contract** - A contract where the contractor is reimbursed for actual cost incurred in
544 the performance of the contract.
- 545 **Delegated Authority** - The authority given by formal agreement to perform designated activities.
- 546 **Delivery** - The physical and/or legal transfer of a shipment from consignor to consignee. In determining
547 whether a component has been delivered, the basic element is if or when the purchaser has taken legal
548 possession of the item. (See also Receiving)
- 549 **Designated Representative** - An individual or organization authorized by the purchaser or vendor to
550 perform functions in the procurement process.
- 551 **Documentation** - Any written or pictorial information describing, defining, specifying, reporting, or
552 certifying activities, requirements, procedures, or results.
- 553 **Emergency Purchases** - A requirement which arises from a situation where a threat to public health,
554 welfare or safety such as may arise by reason of floods, epidemics, riots, equipment failure or such other
555 reason may be proclaimed by the City Manager or his authorized delegate. The existence of such condition
556 creates an immediate and serious need for supplies, services or construction that cannot be met through
557 normal public bidding methods and the lack of which would seriously threaten (a) the health or safety of
558 any person, (b) the prevention or protection of property.
- 559 **Earned Fee** - The contractor's compensation for completing a specific task or providing a specific work
560 product.
- 561 **Equipment** - The articles or implements used in an operation, activity, or process.
- 562 **Exception** - Any article, item, material, or configuration in which objectionable points are noted or
563 recorded.



- 564 **General Scope** - That work which is fairly and reasonably within the contemplation of the parties when
565 the contract was entered into.
- 566 **Guaranty** - Promissory obligations of one party to undertake to be secondary liable for the obligations of
567 another party.
- 568 **Invitation for Bid** - The complete assembly (bid package) or related documents (whether attached or
569 incorporated by reference) that is furnished to prospective bidders for the purpose of bidding. The notice
570 to bidders is a means of publicizing the invitation for bids.
- 571 **Lump Sum** - The total amount to be paid to a contractor for completing a given contract scope of work
572 ("Lump Sum Contract") or for completing a specific task or providing a specific work product.
- 573 **Material** - A substance or combination of substances forming components, parts, pieces, and equipment
574 items. (Intended to include machinery, castings, liquids, formed steel shapes, aggregates and cement).
- 575 **Negotiation** - A process of conferring with another to arrive at a mutual settlement of some matter.
- 576 **Notice to Bidders** - A formal notification to prospective suppliers, usually published in local newspapers,
577 of the City's intention to purchase specific equipment, materials, supplies, or services.
- 578 **Payment Bond** - A written obligation that a contractor will pay all labor, materialmen and subcontractors
579 amounts due them so that liens are not filed.
- 580 **Performance Bond** - A written obligation that a contract will be completed as bid and the end product will
581 be free of liens.
- 582 **Pricing** - To determine or set the amount of money to be paid for an item, material, or service.
- 583 **Procedure** - A document that specifies or describes how an activity is to be performed by a division,
584 department, operation, or function and includes interface relationships between organizations. It assigns
585 responsibility for performance of the activity. It may include methods to be employed, equipment or
586 materials to be used, and sequence of operation. Procedures are approved by the appropriate issuing
587 authority.
- 588 **Procurement** - An activity that includes purchasing, contracting, renting, leasing, or otherwise obtaining
589 materials, equipment, supplies, or services. It includes all functions that pertain to the obtaining of
590 supplies and services, including description (but not determination) of requirements, selection and
591 solicitation of sources, preparation and award of contracts, and related phases of contract administration.
- 592 **Procurement Documents** - Purchase orders, drawings, contracts, specifications, or instructions used to
593 define requirements for purchase.
- 594 **Procurement Function** - The responsibility to deal with contractor/suppliers on behalf of the City and
595 perform staff work in support of final actions taken by persons with assigned signature authority.
- 596 **Proposal** - An offer by one party or organization to another of terms and conditions with reference to
597 some work or undertaking. A proposal is in response to a solicitation for proposals and is usually
598 associated with procurement by negotiations. (See also Bid).
- 599 **Proprietary Information** - Information considered by the originator or holder in due course to be of value,
600 the disclosure of which may result in financial harm, loss of competitive advantage, deterioration of
601 market share, or other detriment to the holder.
- 602 **Proprietary Information Handling Agreement** - An agreement between the City and a contractor
603 concerning the disclosure and handling of proprietary information.



- 604 **Purchase Order** - A contract for the purchase of goods or services. The purchase order established the
605 binding requirements with the supplier for goods or services delivered. (See also Contract)
- 606 **Purchaser** - The organization responsible for establishment of procurement requirements and for
607 issuance and administration of procurement documents.
- 608 **Quality** - The degree of conformance of an item or material to the specified requirements.
- 609 **Receiving** - The action of taking delivery of an item at a designated location.
- 610 **Receiving Inspection** - The activity encompassing observation, examination, measurement, testing, and
611 documentation of an item, part, or materials at the time it is received to assure that it conforms to the
612 procurement requirements.
- 613 **Reject** - A disposition that provides that the item is unsuitable for its intended purpose and rework, or
614 repair is not economically feasible; the item is, therefore, removed from possible use.
- 615 **Repair** - The process of restoring a nonconforming characteristic to a condition such that the capability of
616 an item to function reliably and safely is unimpaired, even though that item still may not conform to the
617 original requirements.
- 618 **Responsible** - Ready, willing, and able to perform the work.
- 619 **Responsive** - Complies in all material respects with the essential provisions of the Invitation for Bids or
620 the Request for Proposals.
- 621 **Rework** - The process by which a nonconforming item is made to conform to a prior specified requirement
622 by completion, re-machining, reassembling, or other corrective means.
- 623 **Seller** - Any individual or organization under contract for furnishing goods or services, including the terms
624 vendor, supplier, contractor, subcontractor, fabricator, and consultant and the lower-tier levels.
- 625 **Services** - The performance by a contractor of activities such as design, fabrication, inspection, repair, or
626 installation.
- 627 **Signature Authority** - The authority to sign a document that formally commits the City.
- 628 **Solicitation** - The act of inviting prospective bidder to bid.
- 629 **Specification** - A concise statement of a set of requirements to be satisfied by a product, a material, a
630 service, or process indicating, whenever appropriate, the procedure by which it may be determined
631 whether the given requirements are satisfied.
- 632 **Supplement Agreement** - A contract modification that is accomplished by mutual action of the parties or
633 organizations to the original agreement.
- 634 **Supplies** - The quantities of goods and services offered for sale at a particular time or at one price.
- 635 **Surety** - A third party who has become legally liable for the debt, default or failure of performance by a
636 City contractor.
- 637 **Technical Services** - The performance of work or by activities that generate data/information. Technical
638 Services can be categorized either as professional or non-professional, depending upon that nature of the
639 service provided. End product is usually a report or service but may be a physical thing such as a model.
- 640 **Testing** - The determination or verification of capability of an item to meet specified requirements by
641 subjecting the item to a set of physical, chemical, environmental, or operating conditions.



- 642 **Travel Authorization** – An authorization that permits an employee of the City of Homer or City Council
 643 Member to conduct business or to attend training beneficial for the City.
- 644 **Travel Advance Request** - A request by an employee or City Council Member who requires per diem in
 645 advance, is using a personal vehicle or payment method, and should be submitted in conjunction with the
 646 Travel Authorization form.
- 647 **Travel Expense Report** - A daily log of expenses while on business or training for the City of Homer.
 648 Expense receipts, travel itinerary and event schedule are to be attached.
- 649 **Travel Report Narrative** - A written account of the trip, which contains the dates, people, and topics of
 650 discussion had by Department Directors, the Mayor, and members of the Homer City Council, along with
 651 any recommendations for follow-up, while conducting business or receiving training beneficial for the City
 652 of Homer.
- 653 **Travel Status** – The time an authorized trip begins until it ends in accordance with the Travel Authorization
 654 Form. If travel is delayed or adjusted outside the timeline on the Travel Authorization Form, a Travel
 655 Narrative is required to explain added time and/or expenses incurred.
- 656 **Warranty** - Promissory obligations of one party to undertake to be secondary liable for the obligations of
 657 another party.

Appendix 1 - Purchase Order

City of Homer requires purchase orders be entered into the accounting system directly. Below are screenshots of the current system's purchase order entry screens. Questions should be directed to the Accounts Payable Technician.

Caselle Connect® 2022.11.103 (Licensed to City of Homer, AK)

File Edit Inquiry Other Settings Document Management Zoom Help

Close

Caselle Connect® > Accounts Payable > Purchases and Requisitions > Enter Purchase Orders

Caselle Connect® Enter Purchase Orders

PO: 9708 Type: Regular GL period: 06/23 PO total: .00
 PO date: 06/14/2023 Vendor: Input date: 06/14/2023 Status:

Purchase Order User-Defined Details Attachments Notes

Input date: 06/14/2023

GL period: 06/23 (06/30/2023)

PO number: 9708

PO date: 06/14/2023

PO type: Regular

Vendor:

Remit to:

Requisitions:

	Requisition Number	Date	Amount

Department:

Vendor information

Vendor number:

Name:

Address:

Remittance information

Name:

Address:



Caselle Connect® 2022.11.103 (Licensed to City of Homer, AK)

File Edit Inquiry Other Settings Document Management Zoom Help

Close

Caselle Connect® > Accounts Payable > Purchases and Requisitions > Enter Purchase Orders

Caselle Connect® Enter Purchase Orders

PO: 9708 Type: Regular GL period: 06/23 PO total: .00
PO date: 06/14/2023 Vendor: Input date: 06/14/2023 Status:

Purchase Order User-Defined Details Attachments Notes

Detail Approvals Notes

Department:
Shipping address:
Required by:
Job number:
Inventory number:
Part number:
Description:
GL account:
GL activity: 0
GL period: 06/23 (06/30/2023)

Quantity: .0000
Unit price: .0000
Extended price: .00
Freight: .00
Subtotal: .00
Sales tax rate:
Sales tax: .00
Total cost: .00

	Description	Sequence Number	GL Account	Quantity	Total Cost
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Appendix 2 – Check Request

**CITY OF HOMER
CHECK REQUEST FORM**

CHECK REQUEST DATE _____

PLEASE MAKE CHECK PAYABLE TO:

DESCRIPTION/REASON FOR REQUEST:

ACCOUNT NUMBER	AMT\$
ACCOUNT NUMBER	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



Appendix 3 – Price Quotes

CITY OF HOMER

PRICE QUOTES FOR GOODS AND SERVICES OVER \$2000

VENDOR NAME/ VENDOR CONTACT	DATE	DESCRIPTION	PRICE INCLUDING SHIPPING CHARGE	MODE TRANS	VENDOR EVALUATE
--------------------------------	------	-------------	------------------------------------	---------------	--------------------

1)

2)

3)

Purchasing Agent: _____ Department: _____ Date: _____

(Attached to encumbrance copy or PO)



Appendix 4 – Procurement Card Request

CITY OF HOMER

Procurement Card Request

<u>First Name</u>	<u>Middle Initial</u>	<u>Last Name</u>
<u>Department:</u>		
<u>Email Address</u>		<u>Office Phone Number</u>
<u>Department Director Name</u>		
<u>Department Director Email</u>		<u>Department Director Phone Number</u>
<u>Reason for Request:</u> <input type="checkbox"/> New P-Card User <input type="checkbox"/> Expired Card <input type="checkbox"/> Lost/Stolen Card <input type="checkbox"/> Limit Increase/Decrease		
<u>Purchase Authorization Limit:</u> <input type="checkbox"/> Department Director: \$10,000 <input type="checkbox"/> Division Director: \$5,000 <input type="checkbox"/> Administrative Lead: \$2,000 <input type="checkbox"/> Departmental Staff: \$1,000		<u>Monthly Limit:</u> <input type="checkbox"/> Department Director: \$20,000 <input type="checkbox"/> Division Director: \$10,000 <input type="checkbox"/> Administrative Lead: \$10,000 <input type="checkbox"/> Others: \$5,000
<u>If Requesting Limit Increase, please explain:</u> 		
<u>Cardholder Signature</u>		<u>Date:</u>
<u>Department Director Signature</u>		<u>Date:</u>
<u>Finance Notes:</u>		



Appendix 5 – Appointment of Designee for Spending Authority



City of Homer

www.cityofhomer-ak.gov

Office of the City Clerk

491 East Pioneer Avenue
Homer, Alaska 99603

clerk@cityofhomer-ak.gov

(p) 907-235-3130

(f) 907-235-3143

Memorandum

TO: FINANCE DEPARTMENT

THROUGH: CITY MANAGER

FROM: DEPARTMENT HEAD NAME

DATE: MM/DD/YYYY

SUBJECT: SPENDING AUTHORITY DESIGNATION ABOVE AUTHORIZATION LEVEL

Employee Name: _____

Purchase Authorization: _____

Justification of spending authority increase:

Period of designation: _____

Specific approval limitations: _____

Signatures required:

Department Head: _____

City Manager: _____

Finance Director: _____