

# CITY OF CORINTH

## POLICY/ADMINISTRATIVE PROCEDURE/ADMINISTRATIVE DIRECTIVE

SECTION: FINANCE	RESOLUTION NUMBER: 22-09-22-24
SUBJECT: PURCHASING	INITIAL EFFECTIVE DATE: 02-02-1998
TITLE: PURCHASING POLICY	LAST REVISION DATE: 09-22-2022

### I. PURPOSE

- A. The basic function of a municipal purchasing policy is to support and enhance the delivery of goods and services to the City. In a centralized environment, the optimum performance of the purchasing function is centralized to the purchasing department in order to facilitate city-wide procurement in compliance with State of Texas purchasing laws and the City's Purchasing Policy.
- B. This Policy establishes procedures for procurement of supplies, materials, personal property, real property, and services for the City of Corinth, Texas (the City). This policy also establishes the internal control procedures that all vendors and City employees and officers are required to follow. Internal control is required to assist in prevention of any unauthorized purchases by the City, and any evidence of collusion by vendors. Further, this Policy is intended to promote competition among bidders and vendors interested in providing products or services to the City.
- C. The authority for this Policy is Corinth Resolution Number 22-09-22-24, the Texas Local Government Code, Chapter 252, and other State of Texas statutes that are referenced herein.

### II. CITY MANAGER AUTHORIZATION

- A. **Authorization:** The City Manager is authorized to approve or execute the following with no further City Council action, provided funds are budgeted therefore:
  - 1. Purchases, contracts, and agreements in an amount not to exceed \$100,000;
  - 2. Applications for Title and Tax Exemption Certificates;
  - 3. Cooperative purchasing in an amount not to exceed \$100,000.
  - 4. Change orders which involve a decrease or increase of up to 25%, or \$50,000, whichever is less, provided the total contract expenditures remain within the budgeted amount. Change orders in excess of \$50,000 require City Council approval; and
  - 5. Emergency purchases as described in Section III.A.2 and Section VI provided that expenditures are presented to the City Council for ratification within 30 days.

**B. Execution of Documents:** Applications for Title, Tax Exemption Certificates, Agreements, and Contracts shall not be signed by any City employee unless authorized in writing by the City Manager.

**C. Limitations:** The City Manager is not authorized to approve or execute any of the following without City Council action:

1. A contract or other legal instrument for the purchase of real property, with the exception of the purchase of easements or right-of-way under \$100,000.; any condemnation proceeding must be authorized by resolution of the City Council.
2. The City's grant of or other action relating to any license or franchise, or other authorization pursuant to its regulatory powers.
3. Any contract, contract amendment, or other legal instrument for which approval authority is separately delegated by the City Charter or another section of this policy.
4. Purchases, contracts and agreements over \$100,000.

### III. PURCHASING DIRECTIVES

**A. Purchase Orders:** Purchase orders are required for all purchases in excess of \$3,000, unless otherwise exempt as indicated in Section III.A.1. below. Purchase requisitions shall be submitted prior to making a purchase. Purchase requisitions may be submitted for purchases under \$3,000, but are not required.

**1. Exemptions:** Items that do not require a purchase order and may be paid with a procurement card or check request are:

- a. Catered event fees
- b. Membership or professional association dues and fees
- c. Periodicals
- d. Postage
- e. Registration fees
- f. Regulatory fees
- g. Subscriptions
- h. Travel expenses
- i. Utilities
- j. Certification fees
- k. Other fees as approved by the Director of Finance

**2. Emergency Purchases:**

a. In order to qualify as an emergency purchase, one of the following conditions must apply, as provided by Section 252.022 of the Texas Local Government Code, as amended:

- (1) A procurement made because of a public calamity that requires the immediate appropriation of money to relieve the necessity of the municipality's residents or to preserve the property of the municipality.
- (2) A procurement necessary to preserve or protect the public health or safety of the municipality's residents; or

- (3) A procurement necessary because of unforeseen damage to public machinery, equipment or other property.
  - b. An emergency created through neglect will not be treated as an emergency. Typical examples include, but are not limited to:
    - (1) Depletion of stock due to lack of planning.
    - (2) Building or equipment needing repairs for some time will not become an emergency at time of purchase.
    - (3) Order of materials for projects most of which must be planned weeks or months ahead of time and requested just before desired use.
  - c. The Department Director shall notify the City Manager if an emergency condition exists.
  - d. The City Manager is authorized to approve an emergency expenditure provided that he presents the expenditure to City Council for approval and ratification within 30 days of the date of the emergency condition.
- 3. **Requisition Processing:** The Purchasing Office shall process a purchase order after all requirements below are met:
  - a. Requisition is complete with all supporting documentation;
  - b. Verification of compliance with State of Texas Historically Underutilized Business (HUB) law, as identified in Section 252.0215 of the Texas Local Government Code, as amended, and with internal policies and procedures;
  - c. Verification of contract provisions, if purchasing goods or services from an existing contract;
  - d. Verification that all required organizational approvals are completed; and
  - e. Verification that sufficient funds are available to purchase goods or services

## **B. Purchasing Thresholds:**

### **1. Purchases \$3,000 and under:**

- a. Competitive quotes are not required for purchases under \$3,000, but may be obtained for any purchase. Procurement cards should be utilized for these purchases when possible.
- b. Approval by the Department Director or the Director's designated representative is required.

### **2. Purchases over \$3,000 and up to \$7,500:**

- a. Three verbal competitive price quotations from vendors are required, including at least two Historically Underutilized Businesses (HUBs), if available, as required in Section 252.0215 of the Texas Local Government Code, as amended. HUBs should be contacted on a rotating basis, based on information provided by the comptroller. If the list fails to identify a HUB in the county, the City is exempt from this requirement.

- b. All purchases within this dollar threshold will be processed through the Purchasing Office. Verbal quotes shall be forwarded to the Purchasing Office prior to issuance of a purchase order.
- c. Approval by the Department Director or the Director's designated representative is required.

**3. Purchases over \$7,500 and up to \$50,000:**

- a. Three written competitive quotes from vendors are required, including at least two Historically Underutilized Businesses (HUBs), if available, as required in Section 252.0215 of the Texas Local Government Code, as amended. HUBs should be contacted on a rotating basis, based on information provided by the comptroller. If the list fails to identify a HUB in the county, the City is exempt from this requirement.
- b. All purchases within this dollar threshold will be processed through the Purchasing Office. Written quotes, contracts and agreements shall be forwarded to the Purchasing Office prior to issuance of a purchase order.
- c. Approval by the Department Director, or the Director's designated representative, is required. Approval by the City Manager is required if the proposed purchase exceeds \$30,000.

**4. Purchases over \$50,000:**

- a. Unless otherwise specified by law, all purchases in excess of \$50,000 shall be awarded by competitive bidding or reverse auction procedures, pursuant to current state law. All competitive bids and reverse auctions will be issued by the Purchasing Office.
- b. All purchases within this dollar threshold will be processed through the Purchasing Office. Contracts and agreements shall be forwarded to the Purchasing Office prior to issuance of a purchase order.
- c. Approval by the Department Director or the Director's designated representative and City Manager is required. City Council is required for purchases in excess of \$100,000.

**5. Change Orders:**

- a. Change orders are contract changes made after performance of the project has begun, or to increase/decrease the scope or quantity of work to be performed, or the materials, equipment, or supplies to be furnished.
- b. The total dollar amount of change orders on a contract shall not exceed 25% of the **original award amount** (if the purchase is subject to the competitive bidding laws of the State of Texas.)
- c. Change orders for contracts for public works or construction may not be decreased by more than 25% without the written consent of the contractor.
- d. Change orders which involve a decrease or increase of up to 25%, or \$50,000, whichever is less, may be approved by the City Manager, provided the total contract expenditures remain within the budgeted amount.
- e. Change orders in excess of \$50,000 require City Council approval.

- f. Contracts which are not subject to competitive bidding requirements may be amended as provided in the contract.
- 6. Split Purchases:** The City may not split purchases to circumvent the competitive bidding requirements of the \$50,000 limit and City Council approval of the \$100,000 limit. Split purchases as defined in the Texas Local Government Code Section 252.001 are as follows:
- a. Component Purchases: Purchases of the component parts of an item that in normal purchasing practices would be purchased in one purchase.
  - b. Separate Purchases: Purchases made separately of items that in normal purchasing practices would be purchased in one purchase.
  - c. Sequential Purchases: Purchases made over a period, of items that in normal purchasing practices would be purchased in one purchase.
- 7. Violations of the Competitive Bidding Statutes:** Criminal penalties as defined in the Texas Local Government Code Section 252.062 are as follows:
- a. A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly makes or authorizes separate, sequential, or component purchases to avoid the competitive bidding requirements of the Texas Local Government Code Section 252.021. An offense under this subsection is a Class B misdemeanor.
  - b. A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates the Texas Local Government Code Section 252.021, other than by conduct described by Section 252.021(a). An offense under this subsection is a Class B misdemeanor.
  - c. A municipal officer or employee commits an offense if the officer or employee intentionally or knowingly violates this chapter, other than by conduct described by the Texas Local Government Code Section 252.021(a) or (b). An offense under this subsection is a Class C misdemeanor.
- 8. Penalties for Violation of the Competitive Bidding Statutes:** The final conviction of a municipal officer or employee for an offense under the Texas Local Government Code Section 252.062(a) or (b) results in the immediate removal from office or employment of that person. For four years after the date of the final conviction, the removed officer or employee is ineligible:
- a. To be a candidate for or to be appointed or elected to a public office in this state;
  - b. To be employed by the municipality with which the person served when the offense occurred; and
  - c. To receive any compensation through a contract with that municipality.

## **C. Methods of Procurement:**

1. **Determination:** The Purchasing Agent will determine the allowable methods of procurement, based on the purchasing thresholds as identified in Section III.B, and the nature of the goods or services required. The methods of procurement utilized by the City are as follows:
  - a. **Invitation to Bid (ITB):** This method is used for one-time purchases or for the establishment of an annual contract if there is a continuous need to purchase same goods or services totaling over \$50,000 annually. Examples include, but are not limited to: maintenance and repair items, uniforms, medical supplies, chemicals, equipment, and public works construction projects. Award is made to the lowest responsive and responsible bidder, or to the bidder providing the best value as pre-determined by the City, the City Manager, or his designee. Negotiation of pricing or changes after the sealed bids are opened is not permitted.
  - b. **Request for Proposal (RFP):** This method is used for the purchase of goods or services used for one-time purchases or for the establishment of an annual contract for goods and services at any dollar threshold, where factors other than price are considered in the award process. Examples include but are not limited to: high technology procurements, personal services, professional services. Proposals must remain confidential until an award is made. Negotiations are permitted with the most qualified firm. If a successful contract cannot be negotiated with the most qualified firm, the City shall formally end negotiations with that provider, select the next qualified firm, and begin negotiations, and continue this process until successful negotiations are completed.
  - c. **Request for Competitive Sealed Proposal (RFSP):** This method may be used for the purchase of goods or services, including high technology items and insurance. Proposals must remain confidential until an award is made. The RFSP must specify the relative importance of price and other evaluation factors. Discussions in accordance with the terms of a request for proposals may be conducted with offerors who submit proposals and who are determined to be reasonably qualified for the award of the contract. Offerors shall be treated fairly and equally with respect to any opportunity for discussion and revision of proposals. The contract must be awarded to the responsible offeror whose proposal is determined to be the most advantageous to the City, considering the relative important of price and the other evaluation factors included in the RFSP.
  - d. **Request for Statements of Qualifications (SOQ):** This method is used for selection of the most qualified firm to perform a pre-determined scope of services. Examples include but are not limited to: professional engineering, architecture, land surveying. Price cannot be disclosed or considered during the evaluation process. Negotiations are permitted with the most qualified firm only. If a successful contract cannot be negotiated with the most qualified firm, the City shall formally end negotiations with that provider, select the next highest ranked firm, and begin negotiations, and continue this process until successful negotiations are completed.
  - e. **Request for Quotations (RFQ):** Informal process used for the purchase of goods and services not to exceed \$50,000. Examples include but are not limited to: maintenance and repair items, cleaning supplies, furniture, and office equipment. Quotes can be obtained for one-time purchases or for the establishment of an annual contract. Award is made to the vendor providing the lowest bid or the best value. Negotiations are not permitted.

**Bids, proposals, and quotations received from vendors shall not be divulged to other bidders until after the award has been made and in accordance with and subject to the Texas Public Information Act, Texas Government Code, S 552.104.**

## 2. Advertising Requirements:

- a. For all formal bid solicitations (ITBs), notice must be given of the time and place at which the bids will be publicly opened and read aloud. The legal notice must be published at least once a week for two consecutive weeks in the city's official newspaper. The date of the first publication must be before the fourteenth (14<sup>th</sup>) day before the date set to publicly open the bids and read them aloud.
- b. For all formal proposal solicitations (RFPs, RFSPs, SOQs,) notice must be given of the time and place at which the proposals are due. The legal notice must be published at least once a week for two consecutive weeks in the city's official newspaper. The date of the first publication must be before the fourteenth (14<sup>th</sup>) day before the proposal due date.
- c. Advertising is not required for informal solicitations (RFQs) under \$50,000.

## 3. Exemptions from Competitive Bidding Requirements: Exemptions from the competitive bidding requirements listed in Section III.C.1, as identified in Section 252.022 of the Texas Local Government Code as amended, include but are not limited to the types of procurements below:

- a. Emergency Purchases: An emergency purchase that meets one of the criteria defined in Section III.A.2 or Section IV.
- b. Personal Services: Services involving the personal, intellectual, or manual labor of an individual; a service performed personally by a particular individual for the benefit of another.
- c. Professional Services: Services performed within the scope of practice (or provided in connection with the employment of a licensed person in the areas of practice) of accounting, architecture, landscape architecture, land surveying, medicine, optometry, professional engineering, real estate appraising, professional nursing, or interior design, regardless of whether the person is registered as an interior designer under Chapter 1053, Occupations Code.
- d. Planning Services: Services primarily intended to guide governmental policy to ensure the orderly and coordinated development of land uses.
- e. Sole Source Purchases: Items that are available from only one source because of patents, copyrights, secret processes or natural monopolies; purchase of films, manuscripts, or rare books; purchase of electric power, gas, water, and other utility services and the purchase of captive replacement parts or components for equipment.
- f. Cooperative Purchases: Supplies, equipment, or services utilizing an approved cooperative purchasing program which meets all applicable laws and regulations.
- g. Personal Property: Property sold a) at an auction by a state licensed auctioneer; b) at a going out of business sale held in compliance with Subchapter F, Chapter 17, Business & Commerce Code; c) by a political subdivision of this state, or an entity of the federal government; or d) under an interlocal contract for cooperative purchasing administered by a regional planning commission established under Chapter 391, Local Government Code.
- h. Retail Sale: Goods purchased for subsequent retail sale by the City.
- i. Advertising: Advertisements, other than legal notices

Prior approval by the Department Director, or the Director's designated representative, is required for contracts described above. In addition, approval by the City Manager is required if the contract exceeds \$30,000. Approval by City Council is required if the contract exceeds \$100,000.

**4. Technology Purchases:**

- a. Purchases of technology items must be approved in advance by the Technology Services Manager.
- b. Technology items are defined as purchases of equipment, goods or services of a highly technical nature, including but not limited to:
  - (1) A service related to the automation of the system, including computer software, or the computer;
  - (2) A telecommunications apparatus or device that serves as a component of a voice, data, or video communications network for transmitting, switching, routing, multiplexing, modulating, amplifying, or receiving signals on the network; and
  - (3) Technical services related to such equipment and goods.
- c. Approval by the Technology Services Manager and Department Director, or the Director's designated representative, is required. Approval by the City Manager is required if the purchase exceeds \$30,000. If the purchase exceeds \$100,000, approval by City Council is required.

**5. Vehicle and Equipment Purchases:**

- a. Specifications for vehicles and associated equipment, and other mobile equipment must be approved in writing by the City Manager prior to soliciting bids.
- b. All vehicle and equipment purchases will be processed through the Purchasing Office. Specifications shall be forwarded to the Purchasing Office. The Purchasing Agent shall be responsible for soliciting bids and authorizing the purchase of vehicles as approved by the City Manager.
- c. Approval by the Department Director, or the Director's designated representative, is required. Approval by the City Manager is required on all purchases. Approval by City Council is required if the purchase exceeds \$100,000.

**6. Sole Source Purchases:**

- a. When a department has identified a specific item as defined in Section III.C.3.e. that has unique features or characteristics essential and necessary to the requesting department and no alternate products are available, a completed Sole Source Justification document must be provided to the Purchasing Office for review and approval prior to the purchase.
- b. In addition, written documentation from the supplier explaining fully and describing the conditions which make the supplier a "sole source" will be required to be filed with the Purchasing Office prior to issuance of a purchase order. Sole source determination may require certification of protection by copyrights or patent.



- c. Approval by the Department Director, or the Director's designated representative, is required. Approval by the City Manager is required if the purchase exceeds \$30,000. Approval by City Council is required if the purchase or contract exceeds \$100,000.

**7. Cooperative Purchasing:**

- a. Whenever it is determined to be advantageous to the City, cooperative purchasing with other governmental agencies may be used. The City has entered into various interlocal agreements, which authorize the City to utilize contracts with certain governmental entities and cooperative programs for the purchases of goods and services at any dollar threshold. Purchasing through cooperative contracts satisfies all competitive bid requirements, which means no additional quotes are needed. If a department utilizes a cooperative contract, the contract terms and conditions must be adhered to. Information on cooperative programs available to the City may be obtained from the Purchasing Office.
- b. Purchases utilizing an existing interlocal agreement or cooperative program require quotes from the supplier reflecting the contract number and contract pricing. Quotes shall be forwarded to the Purchasing Office prior to issuance of a purchase order.
- c. Approval by the Department Director, or the Director's designated representative, is required. Approval by the City Manager is required if the purchase exceeds \$30,000. Approval by City Council is required if the purchase exceeds \$100,000.

**D. Procurement Card Program:** The procurement card (p-card) program is a payment mechanism designed to reduce the administrative costs associated with processing small purchases under \$3,000. The p-card program is not intended to bypass appropriate purchasing or payment procedures. The intent of the program is to complement the existing processes available.

- 1. **Obtaining Procurement Cards:** The Procurement (PCard) Request/Change Form must be completed to obtain a procurement card. Upon the Department Director's approval, the completed form should be submitted to the Program Administrator. P-Cards will not be issued to cardholders until each cardholder:
  - a. Has been by approved by the City Manager and Director of Finance;
  - b. Has received the appropriate level of training from the Program Administrator;
  - c. Has received the p-card manual; and
  - d. Has signed the Cardholder Agreement confirming receipt of p-card, understanding of agreement, and acknowledgment that improper use of the p-card may result in disciplinary action, up to and including termination of employment.

**2. Cardholder Limits and Commodity Restrictions:**

- a. Transaction and monthly dollar limits and commodity restrictions will be assigned to all City p-cards. Restrictions will apply to the entire program based upon the cardholder's job position and responsibilities.
- b. Purchases of technology items, identified in section III.C.4, must be approved in advance by the Technology Services Manager. The written approval must be forwarded to the Program Administrator with the cardholder's monthly expense report.

- c. Purchases of additional or optional equipment for vehicles must be approved in advance by the City Manager. The written approval must be forwarded to the Program Administrator with the cardholder's monthly expense report.

**3. Cardholder Responsibilities:** P-cards will be assigned to individual cardholders, and should not be shared. Although the cardholder's name is printed on the card, the card is issued to the City of Corinth and will have no impact on the cardholder's personal credit. However, City funds are committed each time the p-card is used, and each individual cardholder is responsible for all charges made to their p-card. Therefore, by participating in the p-card program, all cardholders are responsible for the following:

- a. Determining if the transaction is an acceptable use of the p-card, and if the total expenditure, including delivery or freight charges, is within the cardholder's spending limit;
- b. Ensuring p-card is utilized for City business only;
- c. Ensuring that the City is not charged sales tax;
- d. Obtaining a detailed invoice or receipt for all p-card transactions;
- e. Completing transaction review and coding in the p-card system, and submitting monthly expense reports to the Program Administrator prior to the deadline set by the Program Administrator;
- f. Maintaining p-card in a safe and secure location; and
- g. Immediately informing the bank, at the phone number indicated on the p-card, and the Program Administrator of lost or stolen p-cards, or of fraudulent charges.

**4. Department Responsibilities:**

- a. The cardholder's Director or Manager is to review the employee's usage of the Purchasing Card and is responsible for ensuring the cardholder conforms to the Purchasing Card usage guidelines and city purchasing policies.
- b. All Directors, Managers, and Employees must adhere to the provisions of the City Manager's procurement card directive.

**5. Violations and Remedies:**

- a. Violations of the p-card procedures may result in disciplinary action, up to and including termination of employment. At a minimum, violations to the p-card program will result in the following actions:
  - (1) First Offense: Written warning is issued to the cardholder. Department Director and immediate supervisor are notified.
  - (2) Second Offense: Written warning is issued to the cardholder. Department Director and immediate supervisor are notified. P-card privileges are suspended for 30 days. Cardholder will surrender p-card to Program Administrator for the duration of the suspension period.
  - (3) Third Offense: Written warning is issued to cardholder. Department Director, immediate supervisor, and the City Manager are notified. P-card privileges are revoked permanently. Cardholder will surrender p-card to Program Administrator.

- b. If an employee engages in fraud at any time, this will result in immediate termination of cardholder privileges and may result in criminal charges and/or termination from the City. There will be no warning issued. The City Manager, Director and Human Resources will be notified.
- c. For purposes of this policy, "fraud" is defined as the intentional misappropriation of City assets by any act including, but not limited to, theft, embezzlement and intentional misrepresentation.

**E. Purchase of Materials, Equipment, and Supplies for Personal Use**

1. City employees shall not purchase supplies, materials, or equipment through the City for personal use.
2. Neither City employees nor their immediate family members are allowed to participate in the purchase of material at auctions, by bid, or established sale conducted for the City. City employees may not knowingly purchase or receive materials and/or merchandise through a third party from these sources.

**F. Purchase of Goods/Services from City Officers, Agents or Employees, and/or Immediate Family:**

1. The City will not enter into contracts or purchases with employees or members of their immediate family. Employees or members of their immediate family may not have any financial or other interest, directly or indirectly, in any proposed or existing contract, purchase, work, sale or service to, for, with or by the City. Exceptions for contracts involving employees require prior written approval of the City Manager.
2. The City will not enter into contracts or purchases with City officers or members of their immediate family except in compliance with Texas.Local Gov't Code Ch. 171, when applicable, and the Corinth City Charter, and Chapter 39 of the Corinth Code of Ordinances, all as amended from time to time,

**G. Purchases of Seasonal Decorations, Flowers, Gifts for Employees, Retirement and Celebration Activities:**

1. Purchase of seasonal decorations, i.e. Christmas, Halloween, Valentine's Day, etc., condolence and celebration flowers, parties and celebration activities using City funds is highly discouraged. Exemptions require prior written approval of the City Manager.
2. The City's contribution for retirement or promotional ceremonies should not exceed \$750. City funds should not be used for gifts. If a department wishes to give a gift, a collection should be taken up for that purpose. Exceptions require prior written approval of the City Manager.

## **H. Purchases of Food/Meals**

- a. Each Department Director shall assume the responsibility of maintaining control of their departmental food/meal purchases and must exercise good judgment by only approving reasonable and necessary expenditures.
  
- b. **Required Documentation:**
  - a. Business meals must be documented in accordance with Internal Revenue Service Publication 463.
  - b. The business purpose and attendees must be listed on all business meal receipts. Itemized, date-stamped receipts must be provided for all expenses. Credit Card slips only noting the balance due will not be considered a valid receipt. Failure to submit itemized receipts will render those expenses non-reimbursable.
  - c. Meal-related tips are not to exceed 15% of the total receipt. If the incidental expense exceeds the allowable tip amount, the difference is the responsibility of the employee.
  - d. Departments are required to retain all documentation and provide them to the Finance Department.
  
- c. **Approved Purchases of Food/Meals:** The following purchases of refreshments, meals, and/or drinks are approved and may be purchased from either the department's operating or donation accounts as authorized by the Department Director.
  - a. Normal or Major Case Rehabilitation: Purchase of water, electrolyte replacement, drinks, meal supplements, or meals are authorized for the following:
    - 1. City personnel responding to major incidents or inclement weather operations that prohibit the employee from attending normal lunch/dinner breaks.
    - 2. Department inventory of water & electrolyte replacement drinks or meal supplements for incident rehabilitation.
    - 3. Units from other entities that respond to emergency calls in the City of Corinth's service area.
    - 4. Donation of goods to other entities for the replenishment of goods used by City personnel during major cases or incidents.
  - b. Internal Training Sessions: It must be noted that the purchase of water, drinks, meals and refreshments for internal training sessions is highly discouraged. However, the purchase is approved on a limited bases, such as field training that prohibits the the employees from attending normal lunch/dinner breaks. The training purpose and attendees must be listed on all receipts.
  - c. Training/Planning Sessions: Purchase of water, drinks and refreshments are authorized for the training or planning sessions that require attendance of personnel from external entities. The purchase of meals is approved on a limited basis that prohibits the group from attending normal lunch/dinner breaks. The purpose of the training/planning session and attendees must be listed on all receipts.
  - d. Meals for External Instructors/Agency Representatives: Purchases of meals for external instructor or external agency representatives for the repayment of services rendered to the

City of Corinth is authorized. However, it should be noted that the purchase of meals for casual lunch meetings that do not include repayment of services rendered to the City of Corinth with external instructors or agency representatives is generally prohibited. The service provided to the City by the external instructor/agency representative and attendees must be listed on all receipts.

- e. Review or Promotional Boards: Purchase of water, drinks, meals and refreshments for review or promotional boards are authorized. The purpose of the board and attendees must be listed on all receipts.
  - f. Public Events: Water, drinks, refreshments and meals purchased for classes and events hosted by the City that are held for attendance by the general public: Examples include, but are not limited to the following: (Citizen's Public Safety Academy, Open House, CSI Camp, Fire Prevention Week, Senior Luncheons, Pumpkin Palooza, Christmas Tree Lighting, Daddy Daughter Dance, Easter Egg Hunts, etc.)
  - g. Annual service awards banquets for public safety departments
  - h. City Manager directed functions (annual employee picnic, annual Thanksgiving/ Christmas luncheon)
  - i. Out of town training and travel as established by the City Manager's travel directive.
- 4. Prohibited Purchases:** The following purchases of refreshments, meals, and/or drinks are not approved
- a. Personal Restaurant meals and/or alcohol
  - b. Coffee makers, coffee, and related supplies

**I. Disposal of Surplus, Salvage, and Confiscated Materials and Equipment:**

1. **Authority:** The Director of Finance or the Director's designated representative shall be responsible for the disposal of salvage, surplus, and confiscated personal property. Personal property that has been deemed salvage or surplus may be disposed of by one of the following methods, as deemed appropriate by the Director of Finance:
  - a. Sold at a public auction by an auctioneer licensed by this state;
  - b. Sold by soliciting competitive bids;
  - c. Sold or donated to a political subdivision of this state, a state agency of this state, or an entity of the federal government;
  - d. Sold or donated in accordance with any other City policy;
  - e. Traded-in on new property of the same type when in the best interest of the City; or
  - f. Destroyed or donated to a civic or charitable organization, if such property has a value of less than \$500.
  
2. **Prohibitions:** An officer or employee of the City who recommends and/or authorizes the sale of materials and equipment for the employee's department or, for an officer, on behalf of the City, shall not, directly or indirectly, submit a bid for, purchase or acquire ownership of that department's property. An officer or employee of the city shall not, directly or indirectly, submit a bid, purchase, or acquire ownership of "impounded property".
  
3. **Disposal of Property:** City employees shall not dispose of salvage or surplus personal property or confiscated personal property.
  
4. **Required Approvals:** Prior approval by the Department Director and the City Manager is required for the Director of Finance or the Director's designated representative to dispose of property.

## IV. DISASTER PROCUREMENT POLICY

### A. PURPOSE

This policy modifies the City of Corinth's normal procurement practices to assure that, in both emergency and exigent circumstances caused by a proclaimed disaster or emergency, the City of Corinth is able to acquire the goods and services required to address an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improve public and private property through cost-effective measures while still maintaining an effective purchasing process and complying with applicable local and state purchasing laws.

- B. When the City is included in a major disaster or emergency declared by the President of the United States, this policy also assures that City procurements comply with Federal regulations applicable to FEMA disaster grant reimbursement as defined in Title 2 of the Code of Federal Regulations, Part 200. (2CFR Part 200)

### C. DEFINITIONS

For the purposes of this policy,

1. A proclaimed disaster or emergency exists if:
  - a. The Governor has declared a state of emergency for an area which includes the geographic territory of the City of Corinth, or
  - b. The Chief Executive Officer (Mayor, City Manager) of the City of Corinth has declared an emergency in the City.
2. Exigent Circumstances are situations in which:
  - a. A disaster or emergency has been proclaimed, and
  - b. The public exigency for goods and services required to address an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures will not permit competitive solicitation.

### D. DELEGATIONS OF PURCHASING AUTHORITY IN EXIGENT CIRCUMSTANCES

1. **Delegation:** If the City Manager determines that goods and services must be procured before the City Council is able to assemble and approve purchases, the City Manager has the authority, subject to the limitation set forth in subparagraph C.1.A and C.1.B. to approve the immediate rental or purchase of any equipment, supplies, services or other items necessary to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures.
  - a. **Limits of Single Purchase Authority:** The City Manager, shall have the authority to make individual purchases up to \$100,000 on his or her signature alone. The City Manager shall have the authority to make purchases in excess of \$100,000 up to a maximum of \$250,000 when countersigned by the Mayor or in the Mayor's absence countersigned by another council member.
  - b. **Limits of Aggregate Purchase Authority:** The City Manager shall have the authority to make aggregate purchases up to \$100,000 on his or her signature alone. The City Manager shall have the authority to make purchases in excess of \$100,000 up to a maximum of

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\$250,000 when countersigned by the Mayor or in the Mayor's absence countersigned by another council member.

1. **Sub-Delegation to the EOC Incident Commander/Finance Director:** The EOC Incident Commander/Finance Director shall be a designee of the City Manager at any time that the City Manager is not available to approve purchases as allowed in this section.

- C. **Sub-Delegation of Purchasing Authority:** If neither the City Manager or the EOC Incident Commander/Finance Director is available, the following department heads have authority to rent or purchase from the nearest available source any equipment, supplies, services, or other items necessary for this or her department to respond to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures, up to a maximum of \$10,000.

**Department Heads:**

Police Chief

Fire Chief

Public Works Director

D. **Administrative Procedures - Reporting Requirements:**

1. As soon as possible after purchases are made under this section IV, the City Manager, EOC Incident Commander/Finance Director, or department head shall submit to the Purchasing Agent a requisition and a notation that the commodity has been ordered on an emergency basis from the vendor designated.
2. The Purchasing Agent will inform the City Manager and the City Council of any individual purchase under this section with a contract amount greater than \$50,000, and also whenever the aggregate of purchases under this section is greater than \$250,000 dollars.
3. The Purchasing Agent will obtain the City Manager's (or EOC Incident Commander/Finance Director as the City Manager's designee) approval prior to any purchase by a department head if the amount is \$25,000 thousand dollars or more.
4. If the City Manager/EOC Incident Commander is unavailable, and the delay in getting his/her signature would imperil life, safety or improved property, the department heads as listed in C1 above may approve the emergency purchase of \$25,000 dollars or more.
5. The Purchasing Agent shall have the authority to approve all disaster related purchases under \$250,000 dollars.
6. The Purchasing Agent will expedite the verification of funds available and complete the preparation of the purchase order.

**E. . PROCUREMENT PROCEDURES IN EXIGENT CIRCUMSTANCES**

Upon receipt of requisitions under Section IV, the Purchasing Agent shall prepare purchase orders for the emergency equipment, supplies, services or other items in accordance with the requirements of this section.

1. **Exempt Purchases:** Purchases below \$250,000 shall not be required to be formally bid. Purchases greater than \$250,000 may be made following the procedures specified in this section. The signature(s) of the City Manager, Mayor, or in the Mayor's absence, another



council member, Purchasing Agent, and/or Department Head are still required as provided in Section IV.

2. **Justification of Sole Source or No-bid Contracts:** Where exigent circumstances require immediate procurement from the nearest available source,
  - a. The Purchasing Agent shall use the "Justification Form for Emergency Sole Source or No-Bid Purchase."
  - b. Procurement should be limited to that portion of the work that must be performed immediately, allowing subsequent procurement by competitive proposals of the remainder of the work.
  - c. "Sole source" or "no-bid" acquisitions shall be necessary for one of the following reasons: placement of emergency protective measures, procurement of scarce commodities, goods, or services or acquisition or rental of emergency equipment, emergency consulting services, emergency road clearance or other emergency requirements.
3. **Provision for Alternate Bid Solicitation Procedures:** The City's normal requirements for sealed bids shall not apply to acquisitions under Section IV. However, the Procurement Officer shall conduct telephonic or other electronic bid solicitation from potential vendors or suppliers, in lieu of written and/or sealed bids, in an effort to obtain multiple competitive proposals when and if time allows in light of the exigent circumstances.
4. **Locations of Postings for Request for Proposals or Invitation to Bids:** The Procurement Officer may waive normal requirements for public posting of requests for proposals or solicitation of bids. Notices soliciting bids or requests for proposals shall be posted at the City's designated Emergency Operations Center.
5. **Length of Time for Posting Requests:** The Procurement Officer may shorten the normal bid period from 14 days to expedite the award of contracts for emergency equipment, goods, or services. The Procurement Officer should seek to assure that the shortened bid period allows multiple suppliers to submit bids.
6. **Number of Bids Required:** Solicited bids that are non-responsive shall count towards the minimum number of bids required when there is a declared emergency or disaster in the Jurisdiction. All such no-bids must be documented as to time, date, and person/company contacted, with a reason for no-bid, if possible.

## F. NOTIFICATION AND RATIFICATION

1. **Posting of Contracts and Awards:** Under this section, all contracts awarded that exceed \$50,000 shall be presented to City Council for ratification and publicly posted within sixty (60) days.
2. **Authority to Cancel Emergency Procurements:** The City has the absolute authority to rescind a contract for non-performance within 24 hours when a contractor or vendor, once awarded a contract, is unable to perform under the terms of the contract and the resulting delay or non-performance presents an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures.
3. **Notification Requirement for Emergency Purchases:** For any purchase in excess of \$50,000 the City Manager shall report all such purchases to City Council within sixty (60) days of the onset of the disaster. This requirement is imposed in addition to the notification requirement in Section G.1 above.

4. **Requirement for Separate Invoicing:** All purchases or rentals made during proclaimed emergency or disaster conditions shall require separate invoicing from routine (non-disaster related) purchases. All invoices shall state the goods, services or equipment provided and shall specify where the goods or services were delivered. All invoices shall specify the locations where the goods or services were used if at all possible.
5. **Auditing of Invoices for Debris Clearance Prior to Payment:** All invoices for debris clearance and removal shall be audited by the City prior to payment to the vendor. Vendors shall be notified of this requirement prior to the awarding of any contract for debris clearance and/or removal. Audits shall be in accordance with procedures for debris removal monitoring specified in FEMA's Publication 325, Debris Management Guide.
6. **Limitations of Disaster Purchasing Policy:** For the purposes of this section, an emergency or disaster shall be deemed to exist when a condition exists that presents an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures and a local emergency or disaster has been proclaimed. Any purchases that don't meet the standard of being necessary for responding to an immediate threat to life, public health, or safety, or to eliminate/reduce an immediate threat of significant damage to improved public and private property through cost-effective measures shall follow the City's regular purchasing policy and procedures.

**Notwithstanding the terms of this policy, nothing contained herein shall conflict with Federal procurement regulations as currently defined in 2 CFR Part 200.**

#### **G. Violations, Penalties and Remedies for Violations**

1. Violations of this policy may constitute misconduct, subjecting the violator to any and all penalties prescribed by state law, the City's Code of Ethics, Code of Ordinances, and the City's Charter.
2. **Procurement with State or Federal Funds:** Penalties, sanctions or other disciplinary actions, to the extent permitted by state or local law, rules or regulations, shall be imposed for violations of the Code of Ethics and conflict of interest standards, by City officials, employees or agents or by persons, contractors, or their agents, when the procurement involves state or federal programs and/or funds.
3. **Referral of Violations:** Appropriate sanctions, penalties or disciplinary actions shall be applied for all violations. Violations of state or federal law shall be referred to the proper authority having jurisdiction over same.
4. **Disciplinary Action:** Violations of this policy may result in disciplinary action, up to and including termination of employment.