

**CITY OF DALTON, GEORGIA  
PURCHASING POLICY AND MANUAL  
TABLE OF CONTENTS**

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<b>Policy Scope.....</b>	<b>2</b>
<b>General Policies.....</b>	<b>2</b>
<b>Specific Policies.....</b>	<b>3</b>
<b>Budget Allocation and Control.....</b>	<b>4</b>
<b>Procurement Thresholds .....</b>	<b>4</b>
<b>Bidding and Procurement Process.....</b>	<b>5</b>
<b>Federal and State Contracts</b>	<b>5</b>
<b>Cooperative Purchasing Agreements</b>	<b>6</b>
<b>Road and Public Works Contracts</b>	<b>6</b>
<b>Professional Services</b>	<b>6</b>
<b>Request for Proposals (RFP)</b>	<b>6</b>
<b>Invitation to Bid and RFP Procedures</b>	<b>6</b>
<b>Preference for Georgia Products</b>	<b>7</b>
<b>Local Vendor Allowance</b>	<b>8</b>
<b>Sole Source Vendor</b>	<b>8</b>
<b>Emergency Purchase</b>	<b>8</b>
<b>Computer Hardware and Software Purchases</b>	<b>9</b>
<b>City Credit Card Purchases</b>	<b>9</b>
<b>Contracts, Leases, and Change Orders.....</b>	<b>9</b>
<b>Property Disposal.....</b>	<b>9</b>
<b>Manual of the City of Dalton Georgia Purchasing Policy.....</b>	<b>10</b>
<b>Exhibits</b>	
<b>Conflict of Interest Policy</b>	<b>A</b>
<b>Code of Ethics Ordinance</b>	<b>B</b>
<b>Public Works Construction Projects (GMA Research Report 2/11)</b>	<b>C</b>
<b>City Credit Card Policy</b>	<b>D</b>
<b>O.C.G.A. § 36-37-6</b>	<b>E</b>
<b>O.C.G.A. § 36-80-26 &amp; HB489</b>	<b>F</b>

## **POLICY SCOPE**

The policy of the City of Dalton is to provide fair and equitable treatment of all persons involved in public purchasing with the City, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

These policies and procedures are designed to ensure that all City funds are expended in accordance with sound business practices, recorded in compliance with acceptable accounting procedures, and meet the requirements of federal and state agencies that may assist in the financing activities of the City of Dalton (City).

This purchasing policy will apply to all City departments and to other agencies, authorities, commissions, and joint-ventures as the governing authority may deem appropriate.

Pursuant to the Charter for the City of Dalton, Georgia, Georgia Code of Ordinances, the Board of Water, Light, and Sinking Fund Commission of the City of Dalton, Georgia (the Board), has the authority to manage Dalton Utilities (the Utility), which is the public utility of the City of Dalton. The Board carries out this duty by appointing a Chief Executive Officer (CEO) who manages the day-to-day operations of the Utility with the employees of the Utility. Therefore, the Utility shall be responsible for purchasing and procuring goods and services for the public utility. The Board, through its CEO, shall adopt policies deemed necessary to ensure that the Utility complies with the Georgia municipal government advertising requirements on the Georgia Procurement Registry (OCGA §38-80-27) and any other state and federal laws regarding the purchase of goods and services by a municipal government; provided, however, the Utility shall not enter into a contract for the physical performance of services unless the contractor registers and participates in the federal work authorization program as required by OCGA §13-10-90 and §13-10-91. The Utility shall submit information to the City of Dalton's Finance Department on an annual basis regarding its vendor compliance with the federal work authorization program (E-Verify) to ensure timely submission of the E-Verify Contractor Report to the Georgia Department of Audits and Accounts as required by Georgia law. As such, except for the requirements set forth in this paragraph, the Utility shall have no further obligations under this Policy with respect to the purchasing of goods and services.

## **GENERAL POLICIES**

### **A. FULL AND OPEN COMPETITION**

The City will make every effort to obtain high quality goods and services at the best possible price. All procurement procedures will be conducted in a fair and impartial manner with the avoidance of any impropriety. All purchasing transactions are subject to the State of Georgia's Open Records Act.

### **B. GRATUITIES AND GIFTS**

To reduce the potential for conflicts of interest, abuse of position, or even the appearance of impropriety, the City limits gifts employees or officials may receive from organizations, business concerns, or individuals with which they have (or may have in the future) official relationships concerning the business of City government. Employees may receive an occasional meal, promotional items routinely distributed by vendors, and de-minimis holiday gifts. Refer to City's Conflict of Interest Policy in Exhibit A.

### **C. INTEREST OF OFFICIALS OR EMPLOYEES IN EXPENDITURE OF PUBLIC FUNDS**

All transactions of the City that involve the use of public funds will be in compliance with the requirements of the City's Code of Ethics ordinance Chapter 2, Article VIII of the City Code, and applicable state law. Refer to City's Code of Ethics ordinance in Exhibit B.

### **D. DISCLAIMER OF RESPONSIBILITY**

The City will not be responsible or liable for any expenditure or agreement for expenditure made by a City employee, City official, or an employee of any department utilizing public funds who fails to follow this purchasing policy and procedures. It is considered a "breach of duty" on the part of any employee who procures goods or services not consistent with the purchasing policy. Any breach will be reported to the City Administrator or Chief Financial Officer in writing.

The Mayor and Council may disclaim responsibility and liability for any expenditure or agreement for expenditure arising from a procurement of goods or services made in its name, in the name of any governmental department under its fiscal authority, by an unauthorized person acting outside these policies. The cost of any such disclaimed transaction will become the personal liability of the individual who acted improperly.

## **SPECIFIC POLICIES**

### **A. DECENTRALIZED PROCUREMENT CONTROL**

1. Each department head is responsible for the enforcement of these policies and procedures within their respective department(s). The department head may delegate the purchasing responsibility to employees within their department. A list of employees authorized to make purchases on behalf of the City will be submitted to the Finance Department on or before January 1<sup>st</sup> of each year.
2. Departments are restricted from purchasing or contracting with vendors for goods or services until the vendor is set up in the accounting system by the Finance Department. Departments desiring to utilize a new vendor not set up in the system will have that vendor complete a City of Dalton vendor packet and submit to the Finance Department. The Finance Department will review the vendor packet for completion and notify the department of incomplete submissions. Once all information is received, the vendor will be set up in the system and the department may conduct business with the new vendor.
3. Departments are responsible for entering the purchase order (PO) in the accounting system at the point of ordering or purchasing the goods. Purchase order numbers are the computer generated sequential number provided by the accounting software. Once the goods and the invoice are received, the PO, packing slip (or other form of documentation showing date received and initials or signature of person receiving goods), and invoice will be matched and sent to accounts payable for processing. Goods and services should not be purchased without a purchase order number. In certain circumstances, such as office staff is not available to obtain sequential PO number, a series of PO numbers may be issued to departmental purchasing agents and subsequently entered into the system in a timely manner. For credit card purchases, a PO number may be issued at the beginning of the statement cycle and used for all purchases with that vendor (Home Depot, Wal-Mart, etc.) until the month end. Recurring purchases are covered in section C.

4. Accounts payable (Finance Department) will review for proper documentation, proper budget coding, and accuracy. Any discrepancies will be reported to the person signing the purchase order before payment is made to the vendor.
5. It is the responsibility of the departments to reconcile vendor statements specific to their department. The Finance Department will assist in this process on an as needed basis.
6. The City Administrator, or his/her designee, will have the authority to review all invitations to bid issued on behalf of the City and to question the quality, quantity, and type of commodity or service requested. The Chief Financial Officer, or his/her designee, will be responsible for periodic review of purchases on behalf of the City for compliance with the purchasing policy. Non-compliance will be reported to the City Administrator and/or the Finance Committee.

**B. BUDGET ALLOCATION AND CONTROL**

Unless a budget appropriation is available, no procurement will occur which obligates the City to pay for goods or services. Each respective department head or designee has the responsibility of reviewing the budget availability prior to beginning the ordering of goods or services. The budget can be overridden by the Chief Financial Officer only in the event of an emergency purchase (as strictly defined in this document) and when a contract or bid has been approved by vote of the Mayor and Council, but a budget amendment has not yet been obtained. It is the responsibility of the department head to request a budget amendment in writing to the Chief Financial Officer for submission to council for approval. The department head is authorized to request operating budget transfers within departmental budgets at his/her discretion by submitting the request in writing to the Chief Financial Officer.

**C. PROCUREMENT THRESHOLDS**

Policy pertaining to the amount of a purchase determines how the purchase will be handled. Listed are general minimums for quotes, bids, and proposal guidelines for supplies and capital expenditures. These thresholds apply to **aggregate purchases**. For example, purchase 10,000 screws for \$1 each, the aggregate price is \$10,000, not the individual price of \$1. Purchase orders may not be split to avoid following these threshold requirements. The Finance Department will strictly monitor these requirements. The City Administrator has the authority review and approve departmental purchases and vendor selection.

***Please note that any federal or state grant-contract procurement requirements preempt local policy. It is the responsibility of the department administering the grant or contract to follow stated contractual procurement. Non-compliance can result in the City paying back funds to the federal-state agency.***

**AMOUNT**

**REQUIREMENTS**

**\$2,499.99 or less**

Department purchase order and no quotes required. If quotes were used by the department to determine price, attach the quote form to the PO.

**\$2,500.00 - \$24,999.99**

Department purchase order and three written quotes from qualified vendors. Quote form must accompany the PO before payment will be made. Documentation supporting Internet or email quotes will be accepted.

**\$25,000.00 - \$99,999.99** Formal sealed bid or request for proposal process with a minimum of two (2) weeks public advertisement prior to opening dates required. Road construction contracts performed by private contractors (estimated cost \$20,000 - \$200,000) must follow O.C.G.A. §32-4-113.

**\$100,000 or greater** Equipment, supplies, and contracts not deemed to be Public Works contracts, as defined below, require a purchase order, sealed bids or request for proposals with a minimum of four (4) weeks advertisement prior to opening date.

“Public Works” construction contracts (building, altering, repairing, improving, or demolishing of any kind to any public structure, building, or other public real property other than those projects covered by Chapter 4 of Title 32) are required to comply with O.C.G.A. §36-91-1 through §36-91-95 as it relates to advertising, bidding, and general requirements outlined in this statute. Refer to Exhibit C. These contracts require bid (5%), performance (100%), and payment (100%) bonds. These requirements may be waived if prior favorable experience justifies allowance of cash deposit or bank letter of credit in lieu of bonding requirements. Such allowances must be approved by mayor and council.

**Fuel** Fuel is exempt from the formal bid policy due to the quantity, time factor of demand, and the daily pricing volatility. The departments are required to obtain three written quotes from qualified vendors.

**Seized Funds** This policy does not apply to seized money. Seized money is governed by Federal and/or State regulation. “Seized money” will be designated on PO.

**Recurring Purchases** Recurring purchases such as utilities, debt service, contracted services (e.g. backflow testing, exterminating, printing, security monitoring, routine maintenance, cleaning, and advertising) are exempted from this policy. Recurring purchases may be subject to annual formal sealed bidding procedures on a city-wide basis if deemed necessary by the City Administrator.

## **BIDDING PROCESS AND PROCUREMENT PROCESS**

### **A. FEDERAL AND STATE CONTRACTS**

Whenever goods or services are available to the City through a contract with the federal or state government, and when such items or services meet the requirements of the using department, such item or service will be deemed to have met the requirements of competitive bidding. The vendor will be subject to ability to complete a City vendor packet as with all City purchases. Any purchase requiring a signed contract (services, construction, etc.) will be given to the City Attorney for review and the City Clerk for inclusion in the agenda of the Mayor and Council. Once approved, the City Clerk will archive the contract in the official City records.

**B. COOPERATIVE PURCHASING AGREEMENTS**

The City is authorized to enter into cooperative purchasing agreements with other units of government when it is in the best interest of the City. *The cooperative purchasing agreement must have been competitively bid by the issuing government entity to be used by the City.* Departments desiring to enter into these agreements will send the information to the Finance Department for review. The Finance Department will complete the setup process and send the information out to the departments. The Finance Department will maintain a list of agreements on file for the benefit of the departments. The vendor will be subject to the ability to complete a City vendor packet as with all City purchases. Any purchase requiring a signed contract (services, construction, etc.) will be given to the City Attorney for review and the City Clerk for inclusion in the agenda of the Mayor and Council. Once approved, the City Clerk will archive the contract in the official City records.

**C. ROAD AND PUBLIC WORKS CONTRACTS**

Road and public works contracts will be governed by state law, and shall preempt this policy.

**D. PROFESSIONAL SERVICES**

Professional services are not required to be competitively procured, but when determined to be in the best interest of the City, requests for proposals may be issued for professional services. Negotiated contracts for professional services are typically utilized when additional services are needed on an existing contract or when recurring services are needed and a relationship has been established with an existing vendor and the cost associated with changing vendors may be more than any savings realized through the procurement process.

A professional service is defined as any service performed by a person or firm that is registered with the Georgia Secretary of State and required to maintain a valid State of Georgia license to provide their respective service, including, but not limited to: engineering, architectural, surveying, testing and special studies, audit and accounting, insurance, financial advisor, court reporting, and legal.

Projects funded or partially funded with federal or state funds may require professional services to be procured according to procedures outlined in the funded activity. The City is required to follow federal and state procurement procedures when funding dictates. The department receiving the funds or the grant administrator is responsible for proper procurement in relation to the contract or grant administered by the department.

**E. REQUEST FOR PROPOSALS (RFP)**

Formal sealed proposals may be used when clear specifications are not available or when a service is required. In this procurement method, qualifications will normally be the primary issue and price may or may not be used in the evaluation of the proposal. The basis of the award is the criteria outlined in the proposal. At the public opening, only the name of the vendors offering proposals will be read. Because negotiations are still possible, the contents of the proposal will not be released until the item or service has been evaluated and awarded.

**F. INVITATION TO BID AND REQUEST FOR PROPOSAL PROCEDURES**

1. The requesting department is responsible for:
  - a. Preparation of the bid document or request for proposal will include:
    1. Place, time, ability to meet City vendor requirements, and date when bid/RFP will be received, opened, and/or publically read.

2. Notice that bids be clearly marked with a departmental bid number on the outside of package and submitted to the City of Dalton Finance Department as custodian of all City bids/RFP's.
  3. Delivery requirements (responsibility for shipping, etc.).
  4. Person to contact for clarification of specifications.
  5. Special conditions not included in specifications.
  6. Contract conditions and terms.
  7. Any applicable federal or state requirements in regards to City grants or contracts.
  8. Statement that the City reserves the right to reject all bids.
- b. Submission of bid documents to Finance Department as bid custodian.
- c. Advertisement of bid and RFP's:
1. Georgia Procurement Registry (§36-80-27)
    1. ***All bids and proposal opportunities for goods, services or both expected to reach or exceed \$100,000*** are required to be placed on the registry.
    2. Submit to Finance Department for placement on the registry.
  2. Local Newspaper:
    1. **All** public works construction contract bids and RFP's are required to be placed in the local newspaper (refer to page 4 for definition of public works contracts).
    2. ***Non-public works*** contracts and RFP's **are not required** to be placed in the local newspaper.
    3. Each department is responsible for submission of the bid/RFP advertisement to the newspaper.
  3. City Website and City Hall bulletin board:
    1. All bids and RFP's for goods, services or both expected to reach or exceed \$20,000 are required to be placed on the City's website and the bulletin board located in the lobby of City Hall.
    2. Submit to Finance Department for placement on City Hall bulletin board.
2. The Finance Department will be responsible for:
- a. Receipt of bid/RFP between 8:00 a.m. and 5:00 p.m. Monday through Friday at Dalton City Hall during period of open bid.
  - b. Stamp the date and time bid/RFP received on the outside of the envelope/package submitted by bidder.
  - c. Maintain unopened bids in vault until responsible department retrieves for bid opening on the date and time as stated in bid/RFP advertisement package.
  - d. All bids received after the specified date and time in the bid advertisement will be rejected for consideration and returned to issuing department for return to vendor.

#### **G. PREFERENCE FOR GEORGIA PRODUCTS**

In accordance with O.C.G.A. §36-84-1, the City, when contracting for or purchasing supplies, materials, equipment, or agricultural products, excluding beverages for immediate consumption, shall give preference as far as may be reasonable and practicable to such supplies, materials, equipment, and

agricultural products as may be manufactured or produced within the State of Georgia. Such preference will not sacrifice quality. Any contract which exceeds \$100,000 shall comply with the requirements of O.C.G.A. §36-84-1(c).

#### **H. LOCAL VENDOR ALLOWANCE**

In acknowledgment that local vendors contribute the City tax base and promote the local economy, the Mayor and City Council, have determined that under certain instances, such local vendors will be provided an additional concession when bidding against non-local vendors. If the local vendors bid meets all the bid specifications and is not more than 4% greater than the lowest bid submitted by the non-local vendor, then the lowest local vendor will be given the opportunity to notify the Chief Financial Officer or the department head of the bidding department in writing, 1 business day after the bid opening, that it agrees to match the lowest bid price. If that local vendor doesn't agree, then the next lowest local bidder will be given the same opportunity to match the low bid and so on until all local vendors have had the opportunity to match the low bid.

This will not apply to road construction and public works projects governed by Georgia Laws or to the purchase of any other goods and/or services, for which such preference is prohibited by Georgia or Federal Law (for example, grant awards).

A local vendor must maintain a physical presence within Whitfield County, including, but not limited to the maintenance of 1 or more offices and the employment of 2 or more persons prior to the submission of the bid. A post office box maintained within Whitfield County does not qualify as a local vendor. The vendor must also be current on property taxes and occupation taxes (for businesses located within the City limits).

#### **I. CANCELLATION OR REJECTION OF BID OR PROPOSAL**

The Mayor and Council reserves the right to cancel any outstanding formal sealed bid or proposal prior to the opening of the bid or proposal and also reserves the right, after the bid opening, but prior to the award of a bid, to reject, in whole or in part, any bid or proposal. Any cancellation or rejection will be consistent with the procurement policies and procedures.

#### **J. SOLE SOURCE VENDOR**

A sole source vendor situation exists when there is only one vendor who can provide the product or service or a particular brand is required for compatibility or repair. Sole source procurement is permissible if a required good or service is available from only a single supplier. To determine that a sole source situation exists, research must be performed by the user department providing proof that vendor is truly a sole source. The documentation will be sent to the Finance Department for recording keeping purposes. Finance will maintain sole source files containing: department justification, research documentation, and manufacturer documentation.

#### **K. EMERGENCY PURCHASE**

An emergency purchase is one in which a situation exists where there is a threat to health, welfare, or safety that does not allow time for normal, competitive purchasing procedures. Examples are flooding, power outages, or other natural disasters including, but not limited to, unusual inclement weather. All emergency purchases will require the City Administrator to review and approve the purchase order prior to payment by the Finance Department. Items that a department did not realize it would need to operate throughout the year is not deemed an emergency purchase. The nature of the emergency shall



be described in the minutes of the Mayor and Council meeting.

#### **L. COMPUTER HARDWARE AND SOFTWARE PURCHASES**

Proposed purchases of computer hardware and software must be reviewed by the IT Department to ensure compatibility with the City's equipment and network system, as failure to follow this policy could result in unsupported hardware and software. Requests to purchase computer hardware or software must follow the purchasing policy guidelines.

#### **M. CITY CREDIT CARD PURCHASES**

Purchases made and charged to the City's credit card should be infrequent and used primarily for travel related expenses and certain internet purchases. Normal purchasing procedures should apply when using the City's credit card. The credit card is simply a payment method. Under no circumstances shall the City's credit card be used for personal purchases, even to be reimbursed later by the employee. Refer to the City's credit card policy. Refer to Credit Card Policy in Exhibit D.

### **CONTRACTS, LEASES, AND CHANGE ORDERS**

#### **A. CONTRACTS FOR GOODS AND SERVICES**

1. Must be reviewed by the City attorney.
2. Must be approved by the Mayor and Council and signed by the mayor except for contracts for goods or services \$0 - \$5,000 can be signed by the department head, but **MUST** be ratified by the mayor and council at the next scheduled council meeting.

#### **B. SHORT-TERM LEASE (RENTAL) AGREEMENTS FOR GOODS AND SERVICES**

1. Leases and/or agreements ***less than one year in term and within the fiscal year without a purchase option*** can be signed by the department head or City Administrator. Such agreements include but are not limited to equipment rental, routine maintenance agreements and service agreements, and license agreements for computer software.

#### **C. MULTIYEAR CONTRACTS FOR GOODS AND SERVICES**

1. Must be reviewed by the City attorney.
2. ***Unless contract approved by voter referendum***, the contract must contain provision payable only from funds appropriated in current fiscal year, lessor only has recourse against funds appropriated in current fiscal year, lessor retains title to property subject to contract in the event contract is terminated, and no recourse against any other assets or funds of lessee.

#### **D. CHANGE ORDERS**

The department head or City Administrator may make written changes to the plans, specifications, scheduling, and performance period of any contract (purchase order) and is responsible for the documentation of those changes to the original contract (purchase order). ***However, any changes that increase the total dollar amount of the original contract or makes a material change to the scope of the project must be approved by the Mayor and Council in a public meeting.***

### **CITY PROPERTY DISPOSAL**

#### **A. OVERVIEW AND PROCEDURE**

Disposal of municipal real and personal property is governed by O.C.G.A. §36-37-6 (Exhibit E). Annually, or on an "as needed basis", the departments will determine any equipment, materials, and other goods

determined to be surplus and/or damaged with an estimated market value of greater than \$500. For financial record keeping and audit purposes, a list is to be maintained by the department of all assets disposed of, method of disposal, and cash received or trade-in value allowed. Assets may be sold through public auction, formal sealed bids, or over the internet using [www.govdeals.com](http://www.govdeals.com). Per Georgia Code, the method of disposal will be advertised once in the official legal local organ of the county or a newspaper of general circulation in the community, not less than 15 days nor more than 60 days preceding the day of the auction, placement on GovDeals.com, or last day for receipt of proposals.

## **B. CLASSIFICATIONS**

- **Scrap** – Any material or item that can be used for re-melting to produce iron, steel, or its alloys.
- **Waste** – All non-metallic refuse which has a marketable value.
- **Worn or Damaged** – May be scrap or waste material or item that can be sold or used for trade-in.
- **Obsolete and Surplus** – Any material or item that is of no use to the City,
- **Excess** – Any item that doesn't have an essential or vital purpose for the operations of a particular department. The item may have value and may be utilized by another department within the City.

## **C. METHODS OF DISPOSAL**

- **Sealed Bids or Gov.Deals** – Used when a material or item is of insufficient quantity to justify the cost of a public auction.
- **Public Auction** – Used when there are a variety of items available in sufficient quantities to justify the cost of a public auction.
- **Trade-In** – Should only be used in situations where it is economically advantageous to do so (i.e. trade – in equivalent to market value, comparison of cash deal to cost with trade-in less fair market value, etc.).
- **Negotiated Sales to Other Public Entities or Individuals** – Available only when fair market value of item is deemed \$500 or less. Documentation must accompany item for sale estimating fair market value.

## **D. ADDITIONAL RULES APPLY TO SALES AND EXCHANGES OF CITY OWNED REAL PROPERTY - REFER TO GEORGIA CODE IN EXHIBIT E.**

### **MANUAL OF CITY OF DALTON GEORGIA PURCHASING POLICY**

This document shall be viewed as a manual to be referred to and relied upon by departments of the City. It is to be referred to by the city departments in its acquisition or purchase of goods and services. Each city department will maintain a copy of this document, including all subsequent amendments to said policy, for reference in making such purchases for goods and services. Each person making purchases, preparing bids and RFP's, and/or any other procurement function on behalf of the City, is required to read and understand the City Purchasing Policy and Manual.