

RESOLUTION NO 2026 - 022

CITY OF LAKE CITY, FLORIDA

A RESOLUTION OF THE CITY OF LAKE CITY, FLORIDA ADOPTING THAT CERTAIN FINANCIAL POLICY MANUAL AND THE ASSOCIATED FINANCIAL POLICIES SET FORTH THEREIN; MAKING CERTAIN FINDINGS OF FACT IN SUPPORT OF THE CITY ADOPTING SAID MANUAL AND POLICIES; MAKING CERTAIN FINDINGS OF FACT IN SUPPORT THEREOF; DIRECTING THE CITY MANAGER TO IMPLEMENT SAID POLICY MANUAL AND ASSOCIATED FINANCIAL POLICIES; REPEALING ALL PRIOR RESOLUTIONS IN CONFLICT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Lake City (the "City") has made significant progress in its financial management and compliance with generally accepted accounting principles; and

WHEREAS, the City recognizes it should be constantly improving its financial management and compliance; and

WHEREAS, the City has established certain financial policies from time to time, with varying degrees of formality; and

WHEREAS, the City Council desires to clearly establish certain additional financial policies to aid in financial discussions and decisions; and

WHEREAS, the City Council now wishes to formalize, memorialize and clearly define the financial policies of the City of Lake City and set standards for present and future implementation; and

WHEREAS, adopting financial policies for the City in the form of the Financial Policy Manual attached as an exhibit hereto is in the public or community interest and for the public welfare; now therefore

BE IT RESOLVED by the City Council of the City of Lake City, Florida:

1. The City Council finds it is in the best interests of the City and its residents that sound, carefully constructed, and fully enforceable financial policies be established in the form of the exhibit attached hereto; and
2. Adopting financial policies for the City in the form of the Financial Policy Manual attached as an exhibit hereto is in the public or community interest and for the public welfare; and
3. In furtherance thereof, the Financial Policy Manual in the form of the Exhibit attached hereto should be and is approved by the City Council of the City of Lake City; and
4. The City Manager of the City of Lake City is the officer of the City duly designated by the City's Charter to implement administrative policies, rules, and procedures as are adopted by the City Council of the City of Lake City; and

5. The City Manager is directed to and shall implement the Financial Policy Manual and associated policies therein in accordance with its terms and this resolution; and
6. All prior resolutions of the City Council of the City of Lake City in conflict with this resolution are hereby repealed to the extent of such conflict; and
7. This resolution shall become effective and enforceable upon final adoption by the City Council of the City of Lake City.

APPROVED AND ADOPTED, by an affirmative vote of a majority of a quorum present of the City Council of the City of Lake City, Florida, at a regular meeting, this ___ day of April, 2026.

BY THE MAYOR OF THE CITY OF LAKE CITY,
FLORIDA

Noah E. Walker, Mayor

ATTEST, BY THE CLERK OF THE CITY COUNCIL
OF THE CITY OF LAKE CITY, FLORIDA:

Audrey E. Sikes, City Clerk

APPROVED AS TO FORM AND LEGALITY:

Clay Martin, City Attorney

City of Lake City

Financial Policy Manual

Over the last several years, the City of Lake City (the “City”) has made significant progress in its financial management and compliance with generally accepted accounting principles (GAAP). Several policies were adopted by the City Council in an effort to bolster its financial management practices and provide direction for strategic planning.

The City recognizes there are still significant improvements to be made, and while these policies are currently practiced, the City will follow recommendations of the National Advisory Council on State and Local Budgeting, the American Institute of Certified Public Accountants (AICPA), the Government Finance Officers Association (GFOA), Generally Accepted Accounting Principles (GAAP), and the Government Accounting Standards Board (GASB) to formally adopt all required policies.

This Financial Policy Manual sets forth the basic framework for the overall financial management of the City. Operating independently of changing economic circumstances and conditions, the provisions of this Financial Policy Manual help the decision-making process of the City Council and administration. The provisions of this Financial Policy Manual provide guidelines for evaluating both current and future activities and programs.

Most of the provisions of this policy represent long-standing practices of the City and have helped maintain financial stability. In creating this Financial Policy Manual, the City Council seeks to formalize and improve current practices, clearly define the financial discipline of the City, and set standards to be maintained in the future.

Noah Walker, Mayor
Audrey Sikes, City Clerk
Chavella Young, Council Member
Tammy Harris, Council Member
James Carter, Council Member
Ricky Jernigan, Council Member

Don Rosenthal, City Manager
Demetrius Johnson, Assistant City Manager
Angela T. Moore, Finance Director
Cheryl Jacks, Assistant Finance Director

EXHIBIT

Financial Policy Manual

TABLE OF CONTENTS

SECTION 1	DEFINITIONS.....	1
SECTION 2	ACCOUNTING, AUDITING & FINANCIAL REPORTING.....	2
SECTION 3	REVENUES	2
SECTION 4	EXPENDITURES.....	3
SECTION 5	SIGNATURE AUTHORITY.....	3
SECTION 6	DEBT MANAGEMENT	3
SECTION 7	FUND BALANCES AND RESERVES.....	5
SECTION 8	BUDGET PREPARATION AND IMPLEMENTATION	6
SECTION 9	FIXED ASSETS.....	8
SECTION 10	SIGNIFICANT ACCOUNTING POLICIES	12
SECTION 11	PENSION AND RETIREMENT BENEFITS	14
SECTION 12	CONFLICTS OF INTEREST	18
SECTION 13	INVESTMENT POLICY (ADDENDUM #1)	19
SECTION 14	PURCHASING POLICY AND PROCEDURES (ADDENDUM #2).....	20

Financial Policy Manual

City of Lake City, Florida

SECTION 1 DEFINITIONS

In this Financial Policy, the following words and terms shall have the corresponding designated meaning:

- 1.01 “AICPA” means the *American Institute of Certified Public Accountants*.
- 1.02 “Capital Asset” means Fixed Asset.
- 1.03 “Capital Improvement” means large capital purchases and construction projects costing more than \$5,000; and includes all real property expenditures and other expenditures having a life expectancy of at least one (1) year.
- 1.04 “Finance Director” means either the City Manager or, if so designated, the individual designated in writing by the City Manager to fulfill the obligations of “finance director” as set forth in this Financial Policy Manual.
- 1.05 “Fixed Asset” means assets having a useful life beyond a single reporting period and include land and land improvements, easements, buildings, vehicles, machinery and equipment, works of art and historical treasures, and Infrastructure.
- 1.06 “Fund Balance” means the difference between assets and liabilities in specified fund of the City, or the net position of a specified fund of the City calculated according to generally accepted accounting principles.
- 1.07 “GAAFR” means the most recent edition of the *Governmental Accounting, Auditing, and Financial Reporting Blue Book* published by the *Government Finance Officers Association*.
- 1.08 “GAAP” means the generally accepted accounting principles as promulgated by the *Governmental Accounting Standards Board*.
- 1.09 “GASB” means the *Government Accounting Standards Board*.
- 1.10 “GFOA” means the *Government Finance Officers Association*.
- 1.11 “Infrastructure” means those fixed assets having long lives and usually being stationary in nature, including, but not limited to roads, bridges, tunnels, sewer systems, and lighting systems, but excluding buildings unless part of a network of infrastructure assets (such as a toll booth).
- 1.12 “Reserve” means additional available, liquid resources, such as cash and investments outside the budget, to be used if appropriated funds are insufficient.

1.13 “*Truth-in-Millage*” or “*TRIM*” means the requirements of Chapter 200, Florida Statutes.

SECTION 2 ACCOUNTING, AUDITING & FINANCIAL REPORTING

2.01 The City will adhere to a policy of full and open disclosure of all financial operations.

2.02 The City will:

- (a) Comply with prevailing federal, state, and local statutes and regulations.
- (b) Conform to generally accepted accounting principles as promulgated by GASB, the AICPA, and the GFOA.
- (c) The Finance Director, with review by the City Manager, will establish and maintain written procedures to safeguard City financial assets.

2.03 Accounting records for general government operations are to be maintained on a modified accrual basis, with revenues recorded when measurable and available and expenditures recorded when the services or goods are received and liabilities incurred.

2.04 Accounting records for the City's pension plans and enterprise funds are to be maintained on an accrual basis with revenues recorded when earned and expenses recorded when the liabilities are incurred.

2.05 The City will produce an Annual Comprehensive Financial Report in accordance with generally accepted accounting practices as outlined by GASB.

2.06 An independent audit will be performed annually and presented to the City Council at a regularly scheduled meeting.

2.07 The City shall adopt all applicable accounting and financial reporting standards established from time to time by GASB as the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

2.08 Accounting standards and protocols not specifically addressed in this Financial Policy Manual, in the absence of an applicable state or federal law, shall be governed by the applicable GASB standard.

SECTION 3 REVENUES

3.01 User Fees and Charges

- (a) The City will periodically review its user fees and charges.

- (b) In establishing or changing user fees and charges, the City will consider the operating, direct, indirect, and capital costs of providing the service.
 - (c) The City will consider market rates and charges levied by other municipalities of similar size for like services in establishing rates, fees and charges.
 - (d) The City will establish, administer, and revise user fees and charges in accordance with applicable Florida Statutes and any other governing legal requirements.
- 3.02 Enterprise operations will be self-supporting.
- 3.03 The City will pursue State and Federal grants.
- 3.04 The City will comply with Chapter 200, Florida Statutes (i.e., Truth In Millage or “TRIM”) with regard to the adoption of the annual property tax levy.
- 3.05 The City will take all necessary measures in pursuing all revenues due for services provided. This policy will hold true for revenues generated in operating, enterprise, and special revenue funds.

SECTION 4 EXPENDITURES

- 4.01 The City will maintain a level of expenditures that will provide for the public's well-being and safety of the residents of the community.
- 4.02 The annual operating budget will include the capital projects identified in the periodic duly adopted Capital Improvement Plan.
- 4.03 A performance-based employee compensation package consistent with comparable communities will be maintained to recruit and retain qualified employees.

SECTION 5 SIGNATURE AUTHORITY

All checks, drafts or other withdrawal orders issued against the City’s funds on deposit with an authorized depository may be signed by any two of the following: City Manager, Finance Director, or Assistant City Manager.

SECTION 6 DEBT MANAGEMENT

The City will follow a policy of full disclosure on every financial report and bond prospectus. General obligation debt will not be used for enterprise activities without designating a corresponding revenue source to retire such general obligation debt.

-
- 6.01 Debt financing may only be used in the following circumstances:
- (a) The City will confine long-term borrowing to capital improvements, capital projects, and moral obligations for one-time capital improvements.
 - (b) When the useful project life will exceed the term of the financing.
 - (c) When project revenues or specific resources can be proven to be sufficient to cover the long-term debt.
 - (d) For projects that will benefit the residents of Lake City.
- 6.02 The City will maintain good communication with bond rating agencies about its financial condition.
- 6.03 The term for repayment of debt issued to finance projects shall be kept as short as financially possible. The City desires to maintain a debt repayment term of not greater than thirty (30) years whenever feasible. However, in no case should the debt repayment term exceed the useful life of the equipment, improvement, or project being financed.
- 6.04 Due to the heavy burden placed on Lake City property owners by overlapping taxing districts, the City Council has maintained a practice of managing the amount of debt service provided through property taxes. The City shall continue this practice to the extent possible.
- 6.05 The City Council will strive to utilize methods of borrowing that result in the lowest debt service costs.
- 6.06 The City will use revenue sources other than property taxes to support the debt service whenever possible. If general obligation debt is utilized in such instances where a revenue or funding source other than property taxes has been identified, that portion of the debt service shall be supported by the non-property tax revenue or funding sources, and the Finance Director shall take all actions necessary to abate the levy of property taxes which would be otherwise required to service such debt.
- 6.07 Funding and debt service for all capital projects should consider potential impacts on the City's bond rating.
- 6.08 Funding of capital projects and related debt service should not impact the City's ability to accommodate future needs.
- 6.09 It is acknowledged the offering statements issued in conjunction with a bond issue are critical to the sale and marketing of bonds. As such, this document should not include

material misstatements or omissions and requires careful review before issuance. While other individuals may participate and assist in the preparation of the offering statement, at a minimum, the Finance Director shall review and approve an offering statement before its release.

- 6.10 The Finance Director shall maintain adequate records related to the bond transaction.
- 6.11 The Finance Director shall be the designated compliance officer in relation to monitoring bond issues and related *United States Securities and Exchange Commission* filing requirements.

SECTION 7 FUND BALANCES AND RESERVES

Purpose: To maintain the City's credit rating, meet seasonal cash flow shortfalls, provide for unexpected contingencies, and continue to provide City services by establishing an unrestricted fund balance reserve in the City's general and enterprise funds.

- 7.01 The Fund Balance Reserve for a fund is to be used for unanticipated reductions in state, development or other anticipated revenues as well as emergency and contingency expenditure needs.
- 7.02 The City shall continue to demonstrate a strong capacity to meet its financial commitments by improving its bond rating, developing and capturing all potential revenue sources, and attaining a minimum operating fund reserve of fifty (50) percent of operating expenses, or as required by credit rating agencies.
- 7.03 The Fund Balance Reserve for a fund shall be funded each year at the time of budget approval.
- 7.04 A reduction in projected expenditures shall be evaluated and considered prior to use of any Fund Balance Reserve funds.
- 7.05 Use of the Fund Balance Reserve funds may reflect a change in budgeting policy in future years and therefore strictly requires the approval of the City Council in all instances.
- 7.06 Any excess Capital Fund Balance Reserve amount shall be included in the next fiscal year budget. Excess Fund Balance Reserves under this policy are actual undesignated fund balance dollars demonstrated to be available on the year-end financial statements.
- 7.07 Oversight of the Fund Balance Reserve policy and the day-to-day management and administrative responsibility for the policy is delegated to the Finance Director.

SECTION 8 BUDGET PREPARATION AND IMPLEMENTATION

The budget provides the annual financial plan for the management of the City's activities. The document compiles the financial data needed to support the comprehensive decision making/policy development processes. The budget is based on the goals of the City Council as presented in the Capital Improvement Plan, the City's financial policies, and department operations.

8.01 Annual Budget

- (a) Budgets will be adopted on a basis consistent with generally accepted accounting principles.
- (b) An Annual budget should be adopted by the City Council before the beginning of the fiscal year in accordance with TRIM.
- (c) Estimates of annual revenues and expenses for budgetary purposes will be made through conservative, objective, and analytical processes.
- (d) One-time revenues will be used only to fund one-time expenses.
- (e) Budgetary control is maintained at the fund level.
- (f) Budgetary authority lapses at the end of the fiscal year, other than year-end budget amendments.
- (g) Budget amendments that alter the total expenditures of any fund must be approved by the City Council.
- (h) The City will attempt to maintain its present service levels for all priority and essential services.
- (i) When budgeted expenditures exceed anticipated revenues, fund balances/contingency, if adequate, will be used to balance the budget.
- (j) Expenditures may not legally exceed budgeted appropriations at the fund level.

8.02 Enterprise Funds and Enterprise Fund Allocation

Purpose: The purpose of this enterprise fund allocation policy is to establish guidelines for the allocation of enterprise fund resources to support operations typically funded through the General Fund in a manner that is transparent, legally compliant, and consistent with sound municipal financial practices.

Scope: This enterprise fund allocation policy applies to all municipal enterprise funds operated by the City, including but not limited to water, sewer, natural gas, and airport operations.

- (a) Municipal enterprise funds are designed to be self-supporting through user fees and service charges. However, enterprise funds may provide financial support to operating departments typically funded through the General Fund by interfund transfers that are expressly permitted under state law and applicable accounting standards.

Enterprise funds routinely benefit from services provided by operating departments typically funded through the General Fund, including, but not limited to:

- Finance and Accounting
- Human Resources
- Legal Services
- Information Technology
- Public Safety
- Executive and Administrative Management

Interfund transfers may be used to recover the cost of these shared services, provided the allocation methodology is reasonable, documented, and consistently applied.

- (b) The City shall not transfer more than **ten (10) percent of the gross revenues** generated from water, sewer, natural gas, or airport services to fund or finance non-enterprise related governmental services.
- (c) All transfers must:
- (i) Be supported by a documented cost allocation plan or statutory authority;
 - (ii) Be approved through the City's annual budget process; and
 - (iii) Comply with all bond covenants, grant requirements, and GASB guidelines.
- (d) The Finance Director is responsible for:
- (i) Developing and maintaining the cost allocation methodology;
 - (ii) Ensuring compliance with statutory transfer limits; and
 - (iii) Reporting interfund transfers as part of the annual budget and financial statements.
- (e) The chief administrator of each operational department shall cooperate with the Finance Director to ensure accurate allocation of shared service costs.
- (f) This policy shall be reviewed periodically and updated as necessary to remain

compliant with legal requirements and best financial practices.

8.03 Capital Improvement Plan

- (a) The City will develop a multi-year plan for Capital Improvements, updated periodically and will budget all Capital Improvements in accordance with the plan.
- (b) The Capital Improvement Plan should cover, at a minimum, a period of five (5) years and shall be updated, or at least reviewed, annually.
- (c) The Capital Improvement Plan shall also identify all funding sources to support capital outlay.
- (d) The City will maintain its physical assets at a level adequate to protect the Capital Improvements and to minimize future maintenance and replacement cost.
- (e) The operating budget will provide for adequate maintenance and orderly replacement of Capital Improvements and equipment from current revenues where possible.
- (f) Capital investment objectives will be prioritized by the City Council and appropriately reflected in the capital budget.
- (g) The Capital Improvement Plan shall include all Capital Improvements. An item not meeting the definition of a Capital Improvement should be accommodated within the annual operating budgets.

8.04 Financial Analysis

Trend analysis can provide insight into projecting future revenues and expenses based on historic activities.

- (a) Trend analysis of key revenue sources shall be maintained for a minimum of a three (3) year look-back period.
- (b) Revenue trend analysis shall be reviewed regularly.
- (c) The City Manager, in conjunction with the Finance Director, will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures with budgeted amounts.
- (d) The Finance Director will present monthly budget reports to the City Manager.

SECTION 9 FIXED ASSETS

Purpose: The purpose of this fixed asset policy is to provide control and accountability over fixed assets and to gather and maintain information needed for the preparation of financial

statements. The City's fixed asset policy is herein established to safeguard City assets and to ensure compliance with GASB Statement No. 34 (and any successor thereto) for governmental financial reporting.

Overview: This policy is hereby established to safeguard and address the City's investment in property, which comprises a significant resource. This policy is meant to ensure compliance with various accounting and financial reporting standards, including GAAP, and GAAFR.

Further, this policy is meant to reflect the City's desire to meet the reporting requirements set forth in GASB Statement No. 34. Specifically, GASB Statement No. 34 states that governments should provide additional disclosures in their summary of significant accounting policies including the policy for capitalizing assets and for estimating the useful lives of those assets which is used to calculate the depreciation expense. GASB Statement No. 34 also requires disclosure of major classes of assets, beginning and end-of-year balances, capital acquisition, sales/dispositions, and current-period depreciation expense. If GASB adopts a revision or successor to GASB Statement No. 34, this Financial Policy Manual shall be read to incorporate those adopted changes as minimum requirements.

9.01 Inventory, Valuing, Capitalizing, and Depreciation

- (a) Inventory: Responsibility for control of fixed assets will rest with the operating department wherein the asset is located. The Finance Director shall ensure that such control is maintained by establishing an inclusive fixed asset inventory schedule. Asset purchases below the capitalization threshold will not be included in the fixed asset inventory.

Each operating department will be responsible for the control of fixed assets for its department. Each head of an operating department shall ensure such control is maintained by establishing a fixed asset inventory schedule for such operating department. The inventory schedule will include the following for each asset:

- Asset Description — A description of the asset (serial #, model#)
- Asset Classification (Land and Land Improvements, Building and Building Improvements, Vehicles, Machinery and Equipment, and Infrastructure Assets)
- Department name and physical location of asset
- Date asset was purchased/acquired and or disposed of
- Historical and Replacement cost of Asset
- Method of acquisition (purchased or donated)

- Estimated useful life

This list for an operating department will be maintained, updated, and reviewed by the head of the operating department and given to the Finance Director annually.

(b) Valuing Fixed Assets

Fixed assets should be valued at actual cost or historical costs, plus those costs necessary to place the asset in its location (i.e. freight, installation charges). In the absence of historical cost information, a realistic estimate will be used. Donated assets will be recorded at the estimated current fair market value at the time of transfer and acceptance of the donation. Replacement costs will be updated annually.

(c) Capitalizing

Assets are capitalized at the time of acquisition. To be considered a capital asset for financial reporting purposes, an item must be at or above the capitalization threshold and have a useful life of at least one year(s).

Fixed Assets should be capitalized if they meet the following criteria:

- Tangible useful life of more than one year
- Cost exceeds designated threshold

Fixed Assets include the following major classes of assets:

- (i) Land and Land Improvements — Capitalized value is to include the purchase price plus costs such as legal fees, fees for professionals to perform due diligence at the time of acquisition, closing fees, and filing fees; and improvements such as parking lots, fences, pedestrian bridges, landscaping.
- (ii) Building and Building Improvements — Costs include purchase price plus costs such as legal fees and filing fees; improvements include structures and all other property permanently attached to, or an integral part of the structure. These costs include reroofing, electrical/plumbing, carpet replacement, and HVAC.
- (iii) Vehicles — Costs include purchase price plus costs such as title & registration.
- (iv) Machinery and Equipment — Assets included in this category are heavy/construction equipment, traffic equipment, generators, and controlled inventory.
- (v) Infrastructure Assets — Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Included in this category are roads/streets, water & sewer system, wells, water tanks, water towers, and

drainage systems.

- (vi) Assets not Capitalized — Fixed assets below the capitalization threshold on a unit basis but warranting "control" shall be inventoried at the operating department level, and an appropriate list will be maintained.

(d) Depreciation

Depreciation is computed on a straight-line method with depreciation at year-end. As such, the following costs for improvements are expensed as opposed to being capitalized:

- Road Resurfacing/Sealing — depending on cost
- Sidewalk/Curb Patching
- Re-Alignment of Sewer Line Manhole Restorations
- Water Main Repairs
- Projects in process will be added to the asset base as the projected expenses are incurred. However, the project will first need to meet its individual threshold (\$50,000 for building projects and infrastructure projects as determined by project).

9.02 Removing Fixed Assets from Inventory

Fixed assets are to be removed from inventory once they are obsolete or claimed as surplus property. The item must be removed from the operating department inventory listing and reported to the Finance Director, and approved by the City Council.

(a) Donations or Transfer

Each operating department must remove from inventory those Fixed Assets which have been designated as surplus assets pursuant to City policies and ordinances, and have been transferred from City ownership by sale, donation, or otherwise.

When a Fixed Asset is transferred from one operating department of the City to another operating department of the City, the operating department relinquishing custody and control of such asset shall remove such asset from its inventory, and the operating department receiving such asset shall add such asset to its inventory of Fixed Assets.

(b) Lost or Stolen Property

When suspected or known losses of inventoried assets occur, the operating department having control of such inventoried assets should conduct a search for the missing property. The search should include transfer to another department, storage,

scrapping, and surplus property. If the missing property is not found, such operating department must contact the Finance Director.

SECTION 10 SIGNIFICANT ACCOUNTING POLICIES

10.01 Financial Statements

The government-wide financial statements are prepared in accordance with GAAP. GASB is responsible for establishing standards for accounting and reporting to ensure consistency and comparability in government financial reports for state and local governments through its pronouncements (i.e., "Statements" and "Interpretations"). The more significant accounting policies of the City established in GAAP and used by the City are described below.

(a) Reporting Entity

The City is the primary governmental entity for financial reporting. In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units - an Amendment of GASB Statement No. 14*, and includes all component units having a significant operational or financial relationship with the City. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

(b) Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The City recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general

obligation bond principal and interest which is recorded monthly.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, sales and use taxes, franchise taxes, licenses, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

All proprietary, pension trust and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(c) Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, cash with Financial agent. For the purpose of the proprietary funds' "Statement of Cash Flows," cash and cash equivalents are considered to be cash on hand, demand deposits, cash with Financial agent, and all highly liquid investments with an original maturity of three months or less.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

(d) Prepays

Prepays are valued at cost, which approximates market. The cost of governmental fund-type prepays are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

(e) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures/expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

SECTION 11 PENSION AND RETIREMENT BENEFITS

The pension and retirement benefits of former and current City employees is administered through three separately funded, single-employer defined benefit plans; and through City-participation in the Florida Retirement System. In addition to pension and retirement benefits, the City also provides certain other post-employment benefits.

11.01 City-Managed Pension Plan Funding and Governance.

The City maintains three separately funded single-employer, defined benefit pension plans (collectively, the “City Pension Plans”), each governed by a separate board of trustees.

(a) Funding of the City Pension Plans

- (i) The financial health of the City Pension Plans and the ability of each pension plan to provide the statutory benefits to the participants over time depends on the City adequately funding the City Pension Plans.
- (ii) The actuarially determined funding level of the City Pension Plans is a recognized means to provide a measure of the financial health of a pension fund.
- (iii) The actuarially determined funding level is subject to constant change due to investment returns, changes in eligible compensation of participants, among other factors.
- (iv) The City will provide the required contributions and funding on an annual basis

as required by state and federal law.

- (v) Notwithstanding the goals and objectives of the City Council with respect to the City Pension Plans, each City Pension Plan is governed by a board of trustees exercising independent judgment regarding the investments made and held by each City Pension Plan, and the investment returns derived from such investments.
- (vi) Subject to the independent judgment of the board of trustees of each City Pension Plan, each City Pension Plan should endeavor to maintain an actuarially determined funding level of 80% or better.

(b) Governance of the City Pension Plans

(i) The Firefighters' Plan

The *City of Lake City Municipal Firefighters' Pension Trust Fund* (the "Firefighters' Plan") covers all of the City's fire and rescue personnel, subject to the following:

- 1) The Firefighters' Plan is a single-employer, defined benefit plan that provides retirement, disability, and death benefits to full-time firefighters.
- 2) The Firefighters' Plan is administered by the firefighters' pension trust fund board of trustees established by Section 70-123, City of Lake City Code of Ordinances. The Board is comprised of two appointees of the City Council, two members elected by the membership, and one member elected by the other four and appointed by the City Council.
- 3) The City Council has the authority to establish and amend the benefit provisions of the plan.

(ii) The Police Officers' Plan

The *City of Lake City Municipal Police Officers' Pension Trust Fund* (the "Police Officers' Plan") covers all of the City's police officers, subject to the following:

- 1) The Police Officers' Plan is a single-employer, defined benefit plan that provides retirement, disability, and death benefits to full-time police officers.
- 2) The Police Officers' Plan is administered by the police pension trust fund board of trustees established by Section 70-93, City of Lake City Code of Ordinances. The Board is comprised of two appointees of the City Council, two members elected by the membership, and one member elected by the other four and appointed by the City Council.

- 3) The City Council has the authority to establish and amend the benefit provisions of the plan.

(iii) The Lake City Employees' Plan

The *Lake City Employees' Retirement Plan* (the "Lake City Employees' Plan"), commonly known as *The General City Employees Retirement Plan*, covers regular, full-time City employees not classified as full-time sworn police officers or firefighters, subject to the following:

- 1) The participating employee must have been employed by the City before January 1, 2006, and otherwise eligible to participate in the Lake City Employees' Plan. As of January 1, 2006, the Lake City Employees' Plan was closed to all new employees and participating employees were given the option to withdraw from the plan.
- 2) The Lake City Employees' Plan is a single-employer, defined benefit plan that provides retirement, disability, and death benefits to eligible regular full-time employees not classified as full-time sworn police officers or firefighters.
- 3) The Lake City Employees' Plan is administered by a Board of Trustees established by City of Lake City Ordinance No. 2007-1098, as amended. The Board is comprised of two appointees of the City Council, two members elected by the membership, and one member elected by the other four and appointed by the City Council.
- 4) The City Council has the authority to establish and amend the benefit provisions of the plan.

11.02 The Florida Retirement System

Employees other than police and fire employees, and employees participating in the Lake City Employees' Plan may participate in the Florida Retirement System.

- (a) The Florida Retirement System (FRS) is a statewide, multiple-employer retirement system administered by the State of Florida. Eligible City employees who are not members of the Police Officers', Firefighters', or the closed General Employees' Pension Trust Fund pension plans participate in FRS in accordance with Chapter 121, Florida Statutes.
- (b) The FRS is administered by the State of Florida Department of Management Services (DMS), Division of Retirement. The City does not administer the plan, set benefits, or manage investments. All plan governance, benefit structures, actuarial assumptions, and administrative rules are established by the State of Florida.

- (c) The Florida Legislature has the authority to establish and amend the benefit provisions, contribution rates, and administrative requirements of the FRS.
- (d) The City is required to comply with all statutory contribution requirements and reporting obligations as determined by the State.
- (e) The Florida Retirement System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees, and contributions are made by actuary assumption and employee contributions. City contributions are based on actuarial estimates prepared by the actuary engaged by the State of Florida DMS Division of Retirement and incorporated into the budget. The employee contributions are made as deductions at the time of each payroll.

These plans contain the assets, liabilities and net position of each respective plan.

The City should levy 100% of the annual actuarially determined contribution to the City Pension Plans, as determined by an independent actuary.

Although they are legally separate from the City, the City Pension Plans are reported as if they were part of the primary government, because the sole purpose of the City Pension Plans is to provide retirement benefits for the City's employees. The plans are reported as fiduciary funds, and specifically as pension trust funds, due to the fiduciary responsibility exercised over the plans.

11.03 Other Post-Employment Benefits (OPEB)

- (a) The City offers post-employment health care insurance benefits for its eligible retired employees through a single employer defined benefit plan.
- (b) Eligible employees must qualify for retirement under one of the City's retirement plans.
- (c) Elected officials are eligible for benefits if they qualify for retirement through the Florida Retirement System.
- (d) All retirees contribute as defined by plan.
- (e) Retirees and their dependents are permitted to remain covered under the City's respective health care plans as long as they pay a full premium applicable to the coverage elected. This conforms to the minimum required of Florida governmental employers per Chapter 112.08, Florida Statutes. The Other Post-Employment Benefit Plan does not issue a stand-alone report.

SECTION 12 CONFLICTS OF INTEREST

In addition to complying with Chapter 112, Part III, Florida Statutes (“Code of Ethics for Public Officers and Employees”), the City will not enter into contracts or transactions with any corporation, partnership, association, or other organization in which the Mayor, a member of the City Council, or a member of executive staff is a director, officer, or otherwise has a financial interest without prior approval by an affirmative vote of the majority of disinterested members of the City Council, following consultation with the City Attorney to ensure no statutes or other laws prohibit any such transaction.

SECTION 13 INVESTMENT POLICY (ADDENDUM #1)

**AMENDED AND RESTATED
INVESTMENT POLICY STATEMENT**

EFFECTIVE APRIL 18, 2011

AUTHORIZED BY CITY COUNCIL RESOLUTION NO. 2011-024

EXHIBIT

City of Lake City
Office of the City Clerk
RECORD COPY

TABLE OF CONTENTS

1. PURPOSE..... 2

2. SCOPE 2

3. INVESTMENT OBJECTIVES 2

4. PERFORMANCE MEASUREMENT..... 3

5. PRUDENCE AND ETHICAL STANDARDS..... 3

6. LISTING OF AUTHORIZED INVESTMENTS 3

7. MATURITY AND LIQUIDITY REQUIREMENTS 5

8. PORTFOLIO COMPOSITION 5

9. RISK AND DIVERSIFICATION 5

10. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS 6

11. THIRD-PARTY CUSTODIAL AGREEMENTS 6

12. MASTER REPURCHASE AGREEMENT..... 6

13. BID REQUIREMENT 6

14. INTERNAL CONTROLS 7

15. CONTINUING EDUCATION 7

16. REPORTING 7

**AMENDED AND RESTATED
INVESTMENT POLICY STATEMENT**

THIS AMENDED AND RESTATED INVESTMENT POLICY STATEMENT of the City of Lake City, Florida (“Investment Policy Statement” or “IPS”) approved and adopted by City Council Resolution No. 2011-024 effective April 18, 2011, required by Section 218.415, Florida Statutes, as amended.

1. PURPOSE

The City of Lake City at various times has excess public funds available which are not being used to meet the needs of the City’s current expenses and obligations. Pursuant to Florida Statute 218.415, the City of Lake City (hereinafter “City”) hereby establishes this investment policy statement to provide guidelines for the City’s investment objectives. These policies are designed to minimize risk and preserve the safety and liquidity of surplus monetary assets.

2. SCOPE

In accordance with Florida Statute 218.415, this policy sets forth the investment objectives and parameters for the management of excess public funds of the City. These policies are designed to ensure the prudent management of public funds, the availability of operating and capital funds when needed and an investment return competitive with comparable funds and financial market indices. This policy applies to all funds and investments of the City except the Pension Funds and funds related to bond issues whose investments are covered by the covenants of the indebtedness. The Finance Director, with approval of the City Manager or his designee, may consolidate, where practicable and allowable, for the purpose of investment, cash balances and investments from all funds covered by this policy to maximize investment earnings and reduce risk to capital. The investment of funds shall comply with all controlling state statutes, ordinances and covenants covering the City’s investments.

3. INVESTMENT OBJECTIVES

The investment objectives of the City are as follows:

A. Safety of Capital: The primary objective of this investment program is to maintain the safety of principal of funds within the portfolio.

B. Liquidity of funds: The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all current operating requirements that might be reasonably anticipated.

C. Investment Income: The City's investment portfolio shall be designed to obtain a competitive rate of return on investments to maximize income, provided that the safety of capital and liquidity of funds objectives have been met.

4. PERFORMANCE MEASUREMENT

The Finance Director, in conjunction with the City Manager or his designee, will annually review the investment portfolio to ensure that investment objectives are being met. Average rates of return on treasury bills, repurchase agreements, investments with state-certified public depositories, State Board of Administration Local Government Surplus Trust Fund (SBA Pool) and Florida Municipal Investment Trust shall be compared to determine that income maximization has been achieved.

5. PRUDENCE AND ETHICAL STANDARDS

Prudence - The level of prudence to be used by investment officials shall be the Prudent Person Rule and shall be applied in the context of managing the overall investment program.

The Prudent Person standard is as follows:

Investments should be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

Ethics and Conflicts of Interest – The City Manager, Finance Director and other authorized personnel shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Any responsible employee, manager or director shall disclose any material financial interests in any financial institutions or depository that might be detrimental to the implementation and performance of the investment program. Any immaterial personal business activity, such as having a bank or investment account at any institution where investments may be held is not subject to this rule.

6. LISTING OF AUTHORIZED INVESTMENTS

Consistent with Florida Statutes the following investments will be permitted by this policy:

(a) The Local Government Surplus Funds Trust Fund (SBA) or other state sponsored funds – The State Board of Administration (SBA) pools investments for local governments while providing safety and liquidity.

(b) Securities and Exchange Commission registered money market and closed end mutual funds with an investment grade securities rating from a nationally recognized rating agency, investing solely in investments otherwise authorized for the City to invest in directly..

(c) Interest-bearing time deposits or savings accounts in qualified public depositories as defined in s. 280.02.

(d) Direct obligations of the United States Treasury and agencies and instrumentalities. Securities will include, but not be limited to treasury bills, notes, bonds and any other obligations whose principal and interest is fully guaranteed by the United States of America or any of its agencies or instrumentalities.

(h) Certificates of deposit – Non-negotiable interest bearing time certificates of deposit in banks organized under the laws of the United States and doing business and situated in Florida, provided such deposits are secured by the Florida Security for Public Deposits Act, Chapter 280, Florida Statutes or otherwise allowable by statute (CDARS Programs).

(i) Repurchase agreements – Overnight (sweep) repurchase agreements collateralized by any security eligible for pledge to the Florida Chief Financial officer for security of local government funds as provided by Chapter 280, Florida Statutes. Any authorized institution that the City transacts overnight (sweep) repurchase agreements must have on file an executed copy of the Master Repurchase Agreement. The City may only transact repurchase agreements with financial institutions that are Well Capitalized as that term is defined by the Federal Deposit Insurance Corporation. If at any time the City becomes aware that a financial institution's capital has fallen below that threshold, that institution is not an eligible counterparty for the City in a repurchase agreement context.

Prohibited Investments:

In accordance with the objectives of safety and liquidity, some investments may be considered highly risky and are, therefore, prohibited by this policy:

1. Reverse repurchase agreements.

2. Derivative instruments. A derivative instrument is a financial instrument (or more simply, an agreement between two parties) that has a value based on the expected future price movements of the asset to which it is linked – called the underlying asset, such as a share or currency. These include, but are not limited to futures contracts, options, interest rate swaps, forward contracts, etc.

7. MATURITY AND LIQUIDITY REQUIREMENTS

Investments should be made subject to the cash flow needs and such cash flows are subject to revisions as market conditions and the City's needs change. The intent to invest in securities with longer maturities shall be disclosed in writing to the City Council. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as local government investment pools, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.

8. PORTFOLIO COMPOSITION

The composition of the portfolio of securities shall be comprised of assets meeting the criteria for safety, cash flow and income needs. Speculative type securities shall not be included in the portfolio of assets based upon prudent investment practices of individuals responsible for investment strategies. The portfolio shall be diversified to the extent practicable based on risk, cash flow determinations and income considerations. The City will invest in only investment grade securities with a modified duration at purchase of less than 5.

9. RISK AND DIVERSIFICATION

Assets held in accounts shall be diversified to the extent practicable so that there shall be no concentration of a specific maturity, issuer, instrument, dealer or bank in order to control the risk of loss. Diversification strategies may need to be addressed periodically by appropriate responsible individuals. The following elements will be included when determining risk and diversification:

- Limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury and agency securities)
- Limiting investment in securities to only investment grade instruments
- Investing in securities with varying maturities, and
- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

10. AUTHORIZED INVESTMENT INSTITUTIONS AND DEALERS

The Finance Director will maintain an approved list of qualified public depositories, investment institutions and/or dealers for the purchase and sale of securities.

11. THIRD-PARTY CUSTODIAL AGREEMENTS

The City shall establish safekeeping accounts with financial institutions or securities broker. All securities purchased by, and all collateral obtained by, the City shall be properly designated as an asset of the City and held in safekeeping by a third party custodian. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by the Finance Director, with approval by the City Manager or his designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, excepting repurchase agreements to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction. The City will not do investment business (purchase or sale) with any custodian; the custodian provides safekeeping\accounting services only.

12. MASTER REPURCHASE AGREEMENT

Approved institutions and brokers transacting repurchase agreements shall be required to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement or other agreement that the counterparty shall provide and is approved by legal counsel.

13. BID REQUIREMENT

The City Manager or his designee, after determining cash flow needs and amount of excess funds available, shall direct the Finance Director to contact qualified banks and/or approved broker/dealers to receive competitive quotes for securities or other investments which meet the objectives of the investment plan. The Finance Director or his (her) designee shall contact at least three institutions to provide bids. A record of these quotes will be maintained in the Finance Department. The bid process is not required for daily repurchase agreement with the depository bank nor for securities regularly quoted on an exchange or other transparent liquid market.

14. INTERNAL CONTROLS

The Finance Director shall establish a system of internal controls and operational procedures that are maintained in writing. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. No person may engage in an investment transaction except as authorized under the terms of this policy. All investments shall at all times be under the dual control of the Finance Manager, and the City Manager or designee.

Independent auditors as a normal part of the annual financial audit to the City shall conduct a review of the system of internal controls to ensure compliance with policies and procedures.

The City shall maintain adequate fidelity bond coverage in such an amount to cover the anticipated transactions by the authorized officials.

15. CONTINUING EDUCATION

A minimum of eight hours of continuing education in subjects related to investment practices and products shall be completed during each fiscal year by the staff member(s) directly responsible for directing the investment decisions pertaining to those funds subject to the scope of this policy.

16. REPORTING

The Finance Director shall prepare annually the City's Investment report for submission to the City Council. The report shall include securities in the portfolio by class or type, book value, income earned and market value as of the report date. Such reports shall be available to the public. The Finance Director shall periodically provide the City Manager, on an interim basis, a listing of the investments owned (other than repurchase agreements), a schedule of the fair market value vs. the book value of the securities, and a schedule of the ratings of the securities. The Finance Director shall periodically monitor and advise the City Manager of any security whose cost vs. book value is a loss greater than 20%, or where the rating of the security has declined. The Finance Director will promptly review any security whose rating has declined below investment grade with the expectation it will be liquidated in due course.

SECTION 14 PURCHASING POLICY AND PROCEDURES (ADDENDUM #2)



PROCUREMENT POLICIES & PROCEDURES MANUAL

**205 N MARION AVE
LAKE CITY, FL 32055
procurement@lcfla.com
386.758.5407**

Revised 10.6.2023

EXHIBIT

PROCUREMENT DEPARTMENT

VISION STATEMENT

To contribute ethically, quantitatively, and qualitatively to the strategic goals of the City by employing technology and best practices to achieve efficiency, transparency, cost savings, and fairness in the City's procurement efforts.

MISSION STATEMENT

The Procurement Department is committed to the fair, equitable, and timely acquisition of goods and services for the City of Lake City and to cultivating an ethical and professional environment. Using technology, competition and best practices, we strive to bring the greatest value to the City and its residents in an efficient and cost-effective manner.

VALUES STATEMENT

The primary objectives of a first-class procurement organization extend beyond the traditional belief that procurement's primary role is to obtain goods and services in response to internal needs. These primary objectives include:

- *Support operational requirements*
- *Manage the purchasing and contracting process equitably, efficiently, and effectively*
- *Develop strong relationships with other functional groups and stakeholders*
- *Support organizational goals and objectives*

The Procurement Department embraces the Values and Guiding Principles of Public Procurement, which are:

- *Accountability*
- *Ethics*
- *Impartiality*
- *Professionalism*
- *Services*
- *Transparency*

Table of Contents

INTRODUCTION	4
VENDOR ENROLLMENT AND REGISTRATION	4
PROCUREMENT ORGANIZATION AND AUTHORITY	5
RESPONSIVENESS AND RESPONSIBILITY DETERMINATIONS	7
ADVANCED ACQUISITION PLANNING	10
CONE OF SILENCE	11
ADDENDUM	11
NON-COLLUSION AFFIDAVIT	12
DISPUTE RESOLUTION	12
TECHNICAL SPECIFICATIONS, SCOPE OF SERVICES, AND STATEMENTS OF WORK	12
PURCHASING AUTHORIZATION LEVELS	13
SOLICITATION PREPARATION	15
SOLICITATION ADVERTISEMENT	15
PRE-BID AND PRE-PROPOSAL CONFERENCES	15
ADDENDA TO SOLICITATION DOCUMENTS	15
OPENING OF BIDS AND CLOSING OF PROPOSALS	16
LATE BIDS OR PROPOSALS	16
OFFER (BID OR PROPOSAL) REQUIREMENTS	16
TIED BIDS	16
RECOMMENDATION FOR AWARD	16
APPEAL AND PROTEST PROCEDURES	17
FORMAL ITB AND RFP PROCESS	18
AUTHORITY TO EXERCISE OPTIONS TO RENEW (OTR)	18
REQUEST FOR INFORMATION (RFI)	19
REQUEST FOR QUALIFICATIONS (RFQ)	19
REQUEST FOR PROPOSALS (RFP)	19
FORMATION AND PERFORMANCE OF EVALUATION/SELECTION COMMITTEES	20
REJECTION OF BIDS OR PROPOSALS	23
ACCESSING CONTRACTS FROM OTHER GOVERNMENT AGENCIES AND NOT-FOR-PROFIT ORGANIZATIONS	23
SOLE/SINGLE SOURCE PURCHASES	24
EMERGENCY PURCHASES	26
REQUEST TO MODIFY A CONTRACT OR PURCHASE ORDER	27
MONITORING AND REPORTING VENDOR PERFORMANCE	28

OFFER GUARANTEE, PERFORMANCE AND PAYMENT BONDS, AND INSURANCE	29
MARKET RESEARCH	30
COOPERATIVE PURCHASING	32
PURCHASE OF USED EQUIPMENT	32
CHANGE ORDERS AND AMENDMENTS	33
SALES TAX EXEMPTION	33
EXCELLENCE IN PUBLIC PROCUREMENT – CODE OF ETHICS	34

INTRODUCTION

This policy and procedural manual is intended to provide basic orientation information for the operational activities of the Procurement Department of the City of Lake City, Florida. It is not intended to be a detailed guide describing each aspect of all of the department's internal specific procedures. However, this manual is intended to provide sufficient procedural detail to enable City departments and vendors to be fully aware of, and comply with, City purchasing policies.

In the event there is any contradiction between these guidelines and City, County, State or Federal legislation, the legislation shall prevail. The funding source(s) of procurement action may determine which legislation shall be adhered to, as applicable.

The basic purchasing policies of the City of Lake City are conducted on the basis of full and open competition to the greatest extent possible, with award being made to:

- i. the lowest responsive responsible bidder under Invitations to Bid;
- ii. the best value proposer under Requests for Proposals that involve pricing as a competitive selection factor;
- iii. the highest ranked technical proposer(s) with which a fair and reasonable price may subsequently be negotiated under solicitations that do not involve pricing as an initial competitive selection factor;
- iv. that all specifications or statements of work included in City purchasing actions accurately describe the essential needs of the City, and contain no artificial or arbitrary requirements that limit competition or increase cost;
- v. that each purchasing action is conducted in accordance with the best interests of the City, and with the highest level of integrity and fairness to all involved parties throughout the acquisition cycle;
- vi. that all City purchasing operations be conducted in compliance with federal, state, and local laws as applicable and ensure the highest degree of ethical standards;
- vii. and that transparency and community inclusion be sustained throughout the purchasing process.

VENDOR ENROLLMENT AND REGISTRATION

The City of Lake City does not require vendors or any firm, individual or organization to register in advance with the City in order to receive information regarding current solicitations. However,

vendors are encouraged to visit the Procurement Department's webpage at www.procurement/lcfla.com. The City also uses the vendor database maintained by OpenGov. Vendors are encouraged to visit the OpenGov website at www.procurement.opengov/portal/lcfla to register to receive notices of City Solicitations.

PROCUREMENT ORGANIZATION AND AUTHORITY

GENERAL INFORMATION AND POLICY

The Procurement Department is the purchasing, contracting and warehousing unit of the City of Lake City government. It is the responsibility of the Procurement Department to issue and maintain purchasing policies, procedures and guidelines for the City's departments. It is also the responsibility of the Procurement Department to issue solicitations at the authorization levels established within the purchasing guidelines.

The Procurement Department's goal is to provide the City with the required goods and services in the most cost effective manner and at the time and place necessary to help ensure that the City provides the public timely and quality service. The following policies and procedures, including stated approval authorization levels, apply to all expenditures and contracts.

Technical specification reviews, prior to solicitation advertisement, must be completed by the requesting departments and returned to the Procurement Department in a timely manner.

To obtain the best value for the taxpayer and to promote equitable economic participation by all segments of our community, the Procurement Department is mandated to utilize a competitive bidding process, with the award being made to the lowest, responsive and responsible bidder. Section 2-178 of the City's Code of Ordinances establishes purchasing procedures for the competitive bidding process and associated alternative processes. These procedures also allow for the use of other than full and open competition should it be determined to be in the best interest of the City.

All purchases shall be made in compliance with Florida Statutes, the City Code of Ordinances, these purchasing guidelines and public procurement best practices. No person may make any purchase utilizing City funds unless specifically authorized to do so by the City Code of Ordinances, resolution, or designation by the City Council or the City Manager. Payment for any unauthorized purchase may be the responsibility of the person placing the order (see "Unauthorized Purchases" section of these guidelines for further information).

The Procurement Director is responsible for implementing programs and initiatives to improve competition. This includes, but is not limited to, assuring effective and efficient market research, ensuring contracting opportunities for small business entities, scrutinizing sole source requests, reviewing change orders, and challenging specifications and statements of work (SOWs) to ensure no artificial barriers limit or reduce competition.

EXCEPTIONS

A. Certain purchases made by the City are authorized for direct purchase if approved by the City Manager. The current list includes, but is not limited to the following:

- i. Utilities
- ii. Employee Benefits/Contracts with Third Parties for Payroll Deduction
- iii. Debt Service Payments
- iv. Pension Payments
- v. Unemployment Compensation
- vi. Tax Withholding Payments
- vii. Section 457 (Deferred Compensation) Contributions
- viii. Retirement Plan Contributions
- ix. Investments
- x. Postage
- xi. Recording Fees
- xii. Advertisements
- xiii. Maintenance services or repair of equipment when considered to be in the best interest of the City.
- xiv. On-going payments and fees for maintenance and support of existing software technology.

B. Certain purchases made by the City are exempt from the competitive processes outlined in this Manual. A partial list of purchases exempt from the competitive process is shown below. A complete list is located in Chapter 287.057 of the *Florida Statutes*:

- i. Artistic services
- ii. Lectures by individuals

- iii. Auditing services
- iv. Legal services
- v. Services or commodities provided by governmental agencies
- vi. Health services involving examination, diagnosis, treatment, prevention, medical consultation or administration

When appropriate, the City shall encourage and actively promote local, minority and small business enterprises to bid on City purchases.

The purchasing guidelines may not govern every purchasing situation that may arise. In the event a specific purchase is not covered by these guidelines, the purchase shall be made based on these objectives following consultation with the Procurement Director.

RESPONSIVENESS AND RESPONSIBILITY DETERMINATIONS

The City shall award its contracts to the responsive, responsible vendor offering the best value, and whose offer or proposal is technically compliant with the City's requirements. Award shall be made to the bidder or proposer offering the lowest price, being the highest ranked, or as otherwise prescribed in the solicitation or by prevailing legislation. The use of the term bidder shall be understood to include any participant in the City's procurement process and the term bid shall be understood to include any offer in response to a solicitation. The following is intended to be used as general guidelines:

1. Bidder responsiveness refers to a bidder's unequivocal promise, as shown on the face of its offer, to provide the items or services called for by the material terms of the solicitation. A responsive bid means one submitted at the correct time and place, in the correct format, containing all required information, signatures, and affidavits. A bid that deprives the government of the assurance that the contract will be entered into in accordance with its terms is not responsive. Any omission is normally not curable, as a bidder submitting an incomplete or qualified bid could opt in or out of the process at its will, depriving the City of a valid offer and placing that bidder at a material advantage over other bidders who have made firm offers.

The determination of responsiveness is based on the application of bid requirements and legal precedent to facts provided by City staff. The Procurement Director has the authority to decide whether a bid is responsive or non-responsive.

2. Bidder responsibility refers to whether the bidder can perform as provided in the bid. In general, solicitation requirements for information relating to a bidder's financial condition, capability, experience and past performance pertain to a bidder's responsibility. The term responsibility is not limited in its meaning to financial resources and ability.

Under its definition, the City has discretionary power to make determinations upon the honesty and integrity of the bidder necessary to a good faith performance of a contract, upon a bidder's skill and business judgment, its experience and its facilities for carrying out the contract, the bidder's previous conduct under other contracts, and the quality of its previous work. The type of information bearing on a bidder's ability to perform may be furnished up to the time of recommendation to award.

In the event the City has knowledge of facts which may exist that would render a bidder non-responsible, the Procurement Director shall conduct a responsibility review and inquiry as may be reasonably required to make the affirmative finding of responsibility as a condition of recommending the bidder for award. City departments shall advise in a timely manner, the Procurement Director, of knowledge of any facts that may render a bidder non-responsible. Given the variety of goods and services purchased by the City and the unique issues that may arise, the issues of responsibility must be addressed on a case-by-case basis.

A determination of bidder responsibility shall be made, on a contract-by-contract basis. A responsible bidder is a bidder which the City affirmatively determines (prior to the award of a contract) has the ability, capability and skill to perform under the terms of the contract; can provide the materials or service promptly within the time specified, without delay or interference; and has a satisfactory record of integrity and business ethics.

- a. In making the determination of whether the bidder has the capability to perform the contract the City may consider factors including, but not limited to, the following:
 - i. past performance of the bidder, its principals, affiliates, or supervisory personnel in the execution of prior City contracts;
 - ii. any information which the City may obtain relating to the performance of the bidder, its principals, affiliates, or supervisory personnel on contracts with third parties, including without limitation, contracts with other governmental entities;
 - iii. financial performance and capability, including without limitation, pending and unsatisfied claims;
 - iv. qualifications and past performance of the personnel who will have supervisory responsibility for the performance of the specific City contract;
 - v. licensing, certifications and other permits; and any significant changes in the bidder's financial position or business organization.
- b. In making the determination whether the bidder has a satisfactory record of integrity and business ethics, the City may consider factors including, but not limited to, the following:
 - i. pending criminal charges against the contractor, its principals, affiliates, or

- supervisory personnel;
- ii. criminal conviction of bidder, its principals, affiliates, or supervisory personnel;
- iii. debarment of the bidder, its principals, affiliates, or supervisory personnel in the City of Lake City or any other jurisdiction;
- iv. pending disciplinary proceedings against the bidder, its principals, affiliates, or supervisory personnel;
- v. pending enforcement cases, civil judgments, citations, or notices of violation of regulatory authorities with jurisdiction over the goods or services to be rendered, or any adverse determination resulting therefrom, including, but not limited to, those related to environmental protection, the health and safety of labor, and determinations by any government entity;
- vi. pending investigation related to, or arising from allegations of dishonesty illegal or fraudulent business practices;
- vii. efforts by the bidder to redress any breach of prior contracts, and compliance with settlement agreements to redress any contract deficiency;
- viii. inaccurate, incomplete, or fraudulent accounting practices;
- ix. efforts by the bidder to remediate any of the adverse conditions mentioned herein, including compliance with the terms and conditions of any compliance agreement; and
- x. the preponderance of the evidence, nature and credibility of any and all facts underlying any of the above-cited investigations, allegations, charges, accusations, proceedings or indictments.

In evaluating the factors above, the City shall give priority to acts or legal proceedings occurring within the past five (5) years, and any violation or deficiency that is continuous or uncured. Additionally, at any time, the City may require that the bidder submit documentary evidence and other proof necessary to evaluate the factors identified above.

Generally, prospective prime contractors are responsible for determining the responsibility of their prospective subcontractors. Determinations of prospective subcontractor responsibility may affect the City's determination of the prospective prime contractor's responsibility. A prospective contractor may be required to provide written evidence of a proposed interest to do so, and the City may directly determine a prospective subcontractor's responsibility. In this case, the same standards used to determine a prime contractor's responsibility shall be used.

Specific questions relevant to the unique responsibility issues of the procurement will be developed in advance. In the event a bidder is determined to be non-responsible, the Procurement Director shall make, sign, and place in the contract file a determination of non-responsibility, which shall state the basis for the determination. All documents and reports supporting a determination of non-responsibility shall also be included in the contract file.

3. In addition to responsiveness and responsibility determinations, the Procurement Department, in collaboration with the City requesting department, shall ensure that the goods or services to be procured are technically compliant with the specifications and requirements of the City's solicitation. The requesting department shall act as subject matter experts in determination whether the offered goods or services are technically compliant with the specifications of the solicitation.

ADVANCED ACQUISITION PLANNING

The Procurement Department, in collaboration with the various City departments, procures a wide range of supplies and services for the on-going and future operations of the City. In the past, the Procurement Department's function essentially commenced upon receipt of r e q u i s i t i o n s and relevant supporting documentation from the requesting departments. While this approach may be sufficient for some purchases, it may not be appropriate for most major acquisitions. Advance acquisition planning is especially necessary for major procurements and should be conducted in accordance with sound business practices and in a timely manner. Advance acquisition planning involves the Procurement Department, in collaboration with the requesting departments, reviewing specifications and statements of work to determine that the purpose of the acquisition is clear, and that the minimum requirements are clearly defined and stated in terms of performance and/or functionality when possible. It should also include market research and analysis to determine sources of supply and available solutions in the market place.

Advanced acquisition planning results in effective competitive solicitations, accurate budgetary projections, timely procurement of goods and services, consideration of multiple products or solutions, and enhanced competition.

It is often the case that procurement actions are delayed due to circumstances such as conflicting or unanticipated workloads, redundant requirements, repetitive after-the-fact revision of specifications or solicitation provisions, or initially unconsidered competition or business utilization issues. The best to minimize the potential for such delays is to identify and resolve such concerns during the initial planning phases for a given purchase.

It is the Procurement Department's desire, intent, and goal to work with departments at the earliest point possible in the acquisition cycle. The acquisition cycle begins when a department perceives a need for a given product or service and decides to purchase that good or service. The Procurement Department can provide a significant value-added service by working collaboratively with requesting

departments in the early phases of the acquisition cycle. Such early coordination will minimize or even eliminate procurement pitfalls such as those addressed above. It is the Procurement Department's mission to ensure that City purchases are completed in the most effective and timely manner possible. The Procurement Department considers Advance Acquisition Planning to be a major element towards achieving that goal.

CONE OF SILENCE

All solicitations, once advertised and until the appropriate authority has approved an award recommendation, are under the "Cone of Silence". Respondents or persons acting on their behalf may not contact any employee or officer of the executive or legislative branch concerning any aspect of the solicitation, except in writing to the Procurement Department or as provided in the solicitation document. Violation of this provision may be grounds for rejecting a response.

ADDENDUM

The Procurement Department may issue an addendum in response to any inquiry received, prior to the close of the solicitation period, which changes, adds, or clarifies the terms, provisions, or requirements of the solicitation. The vendor should not rely on any representation, statement, or explanation whether written or verbal, other than those made in the solicitation document or in the addenda issued. Where there appears to be a conflict between the solicitation and any addenda, the last addendum issued shall prevail.

It is the vendor's responsibility to ensure receipt of all addenda, and any accompanying documentation. The vendor is required to submit with its bid or proposal a signed "Acknowledgement of Addenda" form, when any addenda have been issued.

NON-COLLUSION AFFIDAVIT

Any bidder or proposer which submits a bid or proposal in response to a City solicitation shall submit an affidavit under the penalty of perjury, on a form provided by the City stating either that the contractor is not related to any other parties bidding in the competitive solicitation or identifying all related parties with which it has colluded in offering a bid in the solicitation; or attesting that the contractor's proposal is genuine and not sham or collusive or made in the interest or on behalf of any person not therein named, and that the contractor has not, directly or indirectly, induced or solicited any other proposer to put in a sham proposal, or any other person, firm, or corporation to refrain from proposing, and that the proposer has not in any manner sought by collusion to secure to the proposer an advantage over any other proposer. In the event a recommended contractor identifies related parties in the competitive solicitation its bid shall be presumed to be collusive and the recommended contractor shall be ineligible for award unless that presumption is rebutted to the satisfaction of the City.

Any person or entity that fails to submit the required affidavit shall be ineligible for contract award. The Non-Collusion Affidavit will be included in all solicitations and bidders or proposers must submit the executed document with their bid proposals.

DISPUTE RESOLUTION

Any dispute arising out of or relating to City contracts shall be resolved by following the procedure below:

- a. The department and/or vendor shall bring details of dispute to the attention of the Procurement Director or designee;
- b. The Procurement Director shall obtain details of the dispute from both parties and forward to the City Manager to recommend a reasonable and fair solution acceptable to both parties, which shall be incorporated into an agreement;
- c. The agreement shall contain details as to the responsibilities of each party to include:
 - i. Actions to be taken;
 - ii. Follow-up schedule;
 - iii. Assessment of damages, penalties, or fees;
 - iv. Periodic monitoring must be done by City staff to ensure that disputes are dealt with in a timely manner and closed out.
- d. If the dispute cannot be resolved through the previous steps, the City Attorney will be consulted for appropriate legal action (litigation, arbitration, mediation).

TECHNICAL SPECIFICATIONS, SCOPE OF SERVICES, AND STATEMENTS OF WORK

Technical Specifications, Scope of Services, or Statements of Work should be stated in terms of function, performance or design. The type of specifications selected is to be based on the requesting department's minimum requirements and the market available to satisfy those requirements. Design specifications are the least desirable type of specifications. Functional or performance types of specifications are preferred to increase the potential for full and open competition.

Requesting departments should consider the following factors in developing specifications:

- a. Does it describe the needs in terms of function or performance required?
- b. Does it clearly state the minimum requirements acceptable to the City?
- c. Does it indicate the end usage or expected results?

- d. Is it clear, concise, and understandable?
- e. Does it encourage competition by considering more than one source of supply?
- f. Are standard specifications available?
- g. Are the specifications tailored to more than one vendor?
- h. If a specific brand and model are referenced, have you included the term "or approved equal"?
If not, have you included a reason why an equal is not acceptable?
- i. Is there anything unusual to be considered?

PURCHASING AUTHORIZATION LEVELS

PURCHASES LESS THAN \$5,000

Single or multiple purchases of goods, commodities and services that are less than \$5,000 require departmental approval. These purchases are to be made from vendors who supply the item at a reasonable price and with an appropriate quality level, using sound purchasing practices and common sense. These purchasing practices may include, but are not limited to, verbal quotations or written records of telephone/e-mail quotations. Quotes are not required, but recommended.

Each department may establish more stringent rules to govern purchases up to \$5,000, as they deem appropriate.

PURCHASES GREATER THAN OR EQUAL TO \$5,000 BUT LESS THAN \$15,000

Single or multiple purchases of goods, commodities and services that are greater than \$5,000 and less than \$15,000 require at least two (2) documented quotations as provided below.

Quotations may be solicited by telephone, email or fax. In cases when the requirements cannot adequately be expressed orally, a written request for quotation must be sent to potential bidders. Documentation of the quotations requested and received must be attached to the Purchase Order or Purchasing Card Transaction.

If at least two (2) or more bidders cannot be identified, or if other than the lowest quote is being recommended for purchase, the reasons shall be documented and attached to the Purchase Order or Purchasing Card Transaction.

The purchase shall be approved by the Procurement Department and City Manager's office in advance. In certain emergency circumstances, a purchase may be made after receiving verbal approval from the City Manager. Information on any emergency purchase receiving verbal approval by the City Manager must be delivered to the Procurement Department within twenty-four hours. A memo stating the reason for the emergency purchase must be attached to the purchase order, must be signed by the Department Head and approved by the City Manager.

PURCHASES GREATER THAN OR EQUAL TO \$15,000 BUT LESS THAN \$35,000

A minimum of three (3) written quotes must be obtained on single or multiple purchases of services and commodities that are greater than or equal to \$15,000 but less than \$35,000.

All quotations must be on company letterhead and attached to the purchase order or attached to the approved purchasing card transaction. In certain emergency circumstances, a purchase may be made after receiving verbal approval from the City Manager. Information on any emergency purchase receiving verbal approval by the City Manager must be delivered to the Procurement Department within twenty-four hours. A memo stating the reason for the emergency purchase must be attached to the purchase order or purchasing card transaction, must be signed by the Department Head and approved by the City Manager.

Written agreements shall be reviewed by the Procurement Director and executed by the City Manager or designee when applicable.

PURCHASES GREATER THAN OR EQUAL TO \$35,000

For purchases of \$35,000 or more, formal bids or solicitations shall be obtained as provided in "Formal Bid/RFP Process".

A market research summary will be conducted by the Procurement Department for all purchases that fall within this authorization level. Requesting departments should also conduct their own market research to supplement the market intelligence that influences the purchasing decision.

Responses shall be solicited using a bidders' list and by publishing notice of an invitation to bid in a newspaper of general circulation throughout the City.

Advertisement for bids shall be published at least two weeks in advance of the bid opening date. Any bids for public works projects, construction or that require a pre-bid conference shall be advertised at least 30 days in advance of the bid opening date

All contracts to be awarded pursuant to Requests for Proposals, Requests for Qualifications or formal bids shall be approved by the City Council.

Purchases without competitive bidding may be made under the following circumstances:

Budgeted items may be purchased at a unit price in competitively solicited contracts awarded by any and all states, counties, municipalities, or governmental agencies, including, but not limited to, special districts, school boards, community colleges, state universities, cooperative agreements or any nonprofit organization. The items must be offered for sale to the City at the same terms, conditions, and unit price awarded in such contract, and such purchases are to the economic advantage of the City.

Sole Source Purchases: Purchases are directed on one source because of standardization, warranty, or

other factors, even though other competitive sources may be available.

Single Source Purchases: Purchases are directed on one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

Proprietary Purchases: An item produced and marketed by a person or company having the exclusive right to manufacture and sell it.

Mechanical Repairs to vehicles or equipment.

SOLICITATION PREPARATION

Requesting departments shall be involved in the preparation of solicitations to ensure that project or product specific requirements are adequately addressed in the solicitation document. Requesting departments may also be involved after solicitation issuance in the conducting of pre-bid (or pre-proposal) conferences, and the preparation of any requisite solicitation addenda.

SOLICITATION ADVERTISEMENT

The Procurement Department shall publish all announcements and advertisements for solicitations falling within the purchasing authorization levels in accordance with City policies and procedures and all related directives and ordinances.

PRE-BID AND PRE-PROPOSAL CONFERENCES

A pre-bid conference shall be scheduled for Invitations to Bid where it is deemed advisable to allow potential proposers to consult with Procurement staff and the requesting department(s) to ensure clarity of the required goods or services and, if applicable, to view the site where the work is to be performed. A pre-proposal conference may be scheduled for Requests for Proposal solicitations. This conference, if necessary, shall be scheduled roughly in the middle of the solicitation period to allow enough time for vendors to prepare for the conference, and to consider the information provided during the course of the conference.

Attendance at Pre-bid and Pre-proposal conferences by vendors is generally mandatory. However, vendor attendance at such conferences may be made optional depending upon the specific requirements of the project. The "Cone of Silence" is not applicable during pre-bid and pre-proposal conferences and/or site visits.

ADDENDA TO SOLICITATION DOCUMENTS

There may be occasions when it will be necessary to change the specifications, terms, or conditions of a given solicitation during the course of the bid (or proposal) period. Such changes may be required in response to requesting department requests or clarifications, contractor questions (submitted in writing per the "Cone of Silence"), or other reasons. Such changes shall be formalized by the issuance of solicitation addenda by the Procurement Department, to all potential vendors that have obtained

the solicitation document. The addenda becomes part of, and supersedes, the solicitation document.

OPENING OF BIDS AND CLOSING OF PROPOSALS

Sealed bids under the Invitation to Bid process shall be opened by the Procurement Department or online on the City's e-procurement portal, anyone following the bid will have access to the bid tabulation. Bids will be opened at the place, date and time specified in the solicitation or any subsequent addendum. In proposals submitted under the Requests for Proposals process, only the names of the respondents shall be read at the time and place specified in the solicitation or any subsequent addendum. No further bids or proposals from a given vendor will be accepted after the deadline for receipt identified in the solicitation.

LATE BIDS OR PROPOSALS

The City will not accept late bids or proposals under any circumstances. All late bids or proposals will be returned to the sender unopened.

OFFER (BID OR PROPOSAL) REQUIREMENTS

Each offer shall meet all the requirements of the specific solicitation, unless waived as an irregularity or informality by the Procurement Director or designee.

TIED BIDS

Tied bids are offers where one or more responsive and responsible bidders offer the same low price for an item or group of items, depending on the method of award. In such instances, if Florida Statute 255.04 does not apply, the tie shall be broken by the City Manager or designee flipping a coin in the presence of the Procurement Director or designee.

RECOMMENDATION FOR AWARD

Recommendation for award(s) within the purchase authorization levels shall be made to the lowest responsive and responsible vendor(s) whenever possible (note: the RFP process is based on a "best value" evaluation). The City Manager or designee, subject to further delegation of authority, shall have the authority to recommend and award such contracts. All such awards shall be completed in accordance with the City's established internal purchasing policies and procedures.

APPEAL AND PROTEST PROCEDURES

BID/PROPOSAL PROTEST PROCEDURE - NOTICES

Immediately after a recommendation is made of the intended award of contract, the Procurement Department shall post a tabulation of the bid/proposal evaluation results with intended award recommendations. Posting shall be in a location in City Hall designated for postings and shall be on display for public viewing.

Any person adversely affected by the decision of award may file a formal written protest within seventy-two (72) consecutive hours (excluding Saturdays, Sundays and legal holidays) from the time of initial posting by the Procurement Department. Protestors shall file their written protests with the City between the hours of 8:00 a.m. and 4:30 p.m. Written protests shall contain, at a minimum:

- i. The name of the petitioner;
- ii. The petitioner's address and phone number, and fax number;
- iii. The name of the petitioner's representative, if applicable;
- iv. The title and bid number of the solicitation;
- v. A plain clear statement of the grounds on which the protest is based; and
- vi. Specific information regarding the relief to which the petitioner deems itself entitled and/or the remedy requested.

A written protest is considered received by the City when it is delivered to and received by the Procurement Director or designee. Delivery to and receipt by any other City employee or staff member shall not constitute receipt by the City of Lake City. Protests submitted via email do not meet the requirements of this section.

Failure to file a timely formal written protest within the time period specified shall constitute a waiver by the vendor of all rights of protest under the Bid/Proposal Protest Procedure.

In the event of a timely protest and/or appeal, the City shall not proceed further with the solicitation or with the award of the bid/contract until all administrative remedies have been exhausted, unless the City Manager determines that the award of the contract without delay is immediately necessary to protect the public health, safety, and welfare.

Within five (5) days (excluding Saturdays, Sundays and legal holidays) of receipt of the formal written protest, the City Manager shall attempt to settle or resolve the dispute, with or without a hearing at the City Attorney's sole discretion. A decision will be rendered in writing and shall state the reasons for the action taken. A copy of the decision of the City Manager, after consultation with the City Attorney shall be mailed or otherwise furnished immediately to the protestor. The decision of the City Manager under this section shall be final and conclusive on the protestor.

Failure to follow the protest procedures or failure to meet any deadline set forth herein shall automatically nullify any protest or claim brought by an aggrieved bidder, offeror, or contractor.

FORMAL ITB AND RFP PROCESS

All purchases to be made through a formal ITB or RFP process shall be conducted at the discretion of the Procurement Director or designee.

All specifications must be reviewed and approved by the Procurement Director or designee.

The Procurement Director or designee shall be authorized to publish an advertisement for the solicitation of bids or proposals.

Piggybacking on GSA, state agencies, counties, municipalities, and other competitively solicited bids is permitted with the approval of the City Manager or his designee. Contracts awarded by other government agencies and not-for-profit organizations, can be used on a direct award basis when those contracts were awarded based on full and open price competition. The City

Manager or designee shall have the authority to approve the purchase of capital items and projects that have been detailed and approved by City Council in the adopted budget or amended budget. The department must specifically identify the contract being piggybacked and include that information in the documents to be sent to the Procurement Department. The Procurement Department will review documentation, request additional information if necessary, and complete the departmental checklist granting approval or non-approval of use pursuant to applicable procurement laws and regulations.

AUTHORITY TO EXERCISE OPTIONS TO RENEW (OTR)

An Option to Renew (OTR) contract contains a provision providing for the option to renew at the expiration of the initial term of the contract. The City Council must authorize the award of any contract where the cumulative value of the initial term of the contract and any option to renew terms will exceed Thirty-Five Thousand Dollars (\$35,000). Authorization to exercise future OTRs of contracts must be contained in the language of the written solicitation.

REQUEST FOR INFORMATION (RFI)

A Request for Information (RFI) is a written solicitation prepared and issued for the purpose of seeking information, comments, or reactions from the industry by a certain date and time. A RFI may be used during the market research phase of an acquisition to assist the City in identifying potential proposers, approaches, prices, or other relevant information. The RFI precedes the issuance of a Request for Proposals or Request for Qualifications. Contract awards cannot be made on responses to an RFI.

REQUEST FOR QUALIFICATIONS (RFQ)

A Request for Qualifications (RFQ) is used to obtain statements of qualifications from proposers when the scope of services cannot, or has not, been completely established by the City. That situation requires the identification of specific qualifications in order to evaluate responding proposers. A Request for Qualifications includes, but is not limited to, a brief explanation of the purpose of the Request for Qualifications, a description of the service to be purchased, required qualifications, instructions for response, and evaluation and selection criteria. These types of contract awards are generally not based solely upon price. Instead, there is an extensive evaluation, which may include such criteria as qualifications and experience of principals and staff, technical superiority, financial stability, experience and history of the firm and references.

Florida Statute 287.055 identifies the requirements for the selection of architectural, engineering, landscape architectural and surveying/mapping services for a project the basic construction cost of which is estimated to exceed the threshold amount provided in s. 287.017 for category five or for a planning or study activity when the fee for professional services exceeds, the threshold amount provided in s.287.017 for category two.

REQUEST FOR PROPOSALS (RFP)

A Request for Proposal (RFP) is a solicitation whose associated award evaluation and vendor selection process is predicated on a best value evaluation, rather than strictly upon award to the lowest priced responsive and responsible vendor. This type of evaluation is a sensitive and demanding process, and detailed guidelines have been developed to ensure such evaluations are conducted in an appropriate and accurate manner. The following section provides an overview of those procedures to enable departments to prepare for, and participate in, negotiated acquisitions in conjunction with the Procurement Department.

FORMATION AND PERFORMANCE OF EVALUATION/SELECTION COMMITTEES

The Procurement Director, or designee, is responsible for the review of all proposals for responsiveness before distributing them to the Evaluation Committee. A proposer is considered responsive if the proposal conforms in all material respects to the terms and conditions in the solicitation.

EVALUATION COMMITTEE TEAM MEMBERS

The City Manager, or designee, will determine the number and makeup of the Evaluation Committee.

- a. Each member must have no personal or financial interest in any vendor or firm which has submitted a proposal to the City.
- b. Each member must have a professional interest that the recommendations of the Committee can be supported and defended legally and ethically.
- c. Each member must have a professional interest that the recommendations of the Committee will lead to the selection of a vendor which will provide goods or services that is the best value for the City.

The Procurement Director, or designee, shall serve as the Evaluation Committee Facilitator, and may not award points for proposals.

INITIAL MEETING OF THE EVALUATION COMMITTEE

The Procurement Director, or designee, shall conduct an initial meeting with each member of the Evaluation Committee to ensure that each member has a clear understanding of their duties and responsibilities in the selection process. A copy of these guidelines, the solicitation and any addenda, each proposer's submittal, and a copy of the evaluation criteria will be distributed to Committee members.

CONFLICT OF INTEREST

Once proposals have been received, and it is known which proposers are involved in the evaluation competition, each member of the Evaluation Committee will be informed. Each member will be asked if the member has a personal or financial interest in any proposer, and if the member understands and can perform impartially within the Evaluation Committee guidelines. If a conflict of interest exists or appears to exist, that member will be disqualified from the Committee.

COMMITTEE RULES AND PROCEDURES

All evaluators on the Committee are required to apply sound and unbiased judgement in awarding points to the proposals for the purpose of ranking them.

It is very important that all Evaluation Committee members read the solicitation thoroughly and have a clear understanding of the requirements and evaluation criteria before attempting to

evaluate the proposals. All questions should be directed to the Procurement Director.

- a. The Evaluation Committee meetings must follow the requirements of Florida Statute 286.011 for public meetings and meetings must be noticed at least 72 hours in advance. These meetings are open to the general public, which may include proposers which have submitted responses to the City's solicitations. Meetings will be recorded and all recordings are available for the general public to listen to upon scheduling an appointment with the Procurement Department.
- b. Evaluation Committee members are prohibited from communicating with anyone, either verbally or in writing, regarding the proposals, outside of the scheduled and publicly noticed Evaluation Committee meetings. Violations of FS 286.011 are serious and have legal and ethical ramifications. If a vendor or proposer contacts a Committee member, the member must refer the vendor or proposer to the Procurement Department. Committee members are prohibited from participating in individual meetings, informal consultations, lunches, entertainment or any other direct or indirect contact with vendors or proposers.
- c. After receipt of proposals, each Committee member must review and evaluate each proposal independently, without discussing their evaluation with other Committee members.
- d. Evaluations must be based on the criteria established in the solicitation. All criteria must be scored. If a member elects to score only some of the proposals or criteria, the evaluations completed by that member will be thrown out in order to prevent skewing of the final scores.
- e. Evaluations must be both qualitative and quantitative based on the evaluation criteria outlined in the solicitation. If a member scores a zero (0) in any category, that member must identify the deficiency and provide a written explanation for the zero (0) score. All scores and comments become part of the solicitation and contract file and are subject to disclosure under the Florida Public Records Law. Committee members should have a reasonable, rational, and consistent basis for their scores, and be prepared to explain their scores in the event of a protest or inquiry.
- f. Prior to the Evaluation Committee meeting in a public forum, any questions, clarifications, or additional information requested from a proposer by a member must be submitted in writing through the Procurement Department. The Procurement Department is responsible for obtaining a written response from the proposer and sharing the response with all Committee members prior to the first publicly advertised meeting.
- g. Score sheets must be completed prior to the Committee meeting where rankings will be determined. After the Evaluation Committee members have independently completed the initial review and scoring of all proposals, the Committee will convene at a publicly posted meeting to openly discuss the proposals. Members may adjust their initial scoring based on their interpretation of any additional information gained from the Committee's discussions. After all discussions have been completed each Committee member shall finalize their scores. Each member is required to sign the score-sheet and any note pages and submit them to the Procurement Director as part of the public record.

- h. Score sheets will be tabulated and ranked from the highest to the lowest by the Procurement Director.
- i. Depending on the outcome of the scoring, the Committee will recommend one of the following:
 - a. Recommend to begin negotiations to enter into a contract with the highest ranked proposer; or
 - b. Short-list the top ranked proposers and request scheduling of oral presentations
- j. If the Committee recommends awarding the contract to the highest ranked proposal, no further action is required by the Evaluation Committee.
- k. If oral presentations are requested, the Evaluation Committee shall identify which proposers will be asked to provide oral presentations. The Evaluation Committee may request oral presentations from as many proposers as necessary; however, it is recommended that the Committee come to a consensus and request presentations only from the top-ranked proposers.
- l. When oral presentations are requested by the Evaluation Committee, the members shall submit a written request to the Procurement Director for specific areas needing additional explanation and/or clarification or any other information the Committee would like the proposers to provide during the oral presentations.
- m. All proposers selected for oral presentations will be notified in writing of the publicly posted meeting by the Procurement Director or designee, identifying the date, time, and location of the presentations.
- n. Prior to the oral presentations, the Procurement Director, or designee, will provide the evaluation criteria and score sheets to the Evaluation Committee.
- o. During the oral presentations, Committee members will be able to ask questions of the proposers for a clear understanding of each proposer's position.
- p. After oral presentations are completed, the Committee will have the opportunity to continue discussions among themselves. After discussions are completed, each member shall finalize their scores. Each member is required to sign the score sheet and any note pages, and submit them to the Director of Procurement as part of the public record.
- q. Score sheets will be tabulated and ranked from the highest to the lowest by the Procurement Director. The award recommendation will be for the proposer with the highest ranked score.
- r. The Procurement Director shall work with the City department on a recommendation to award for processing through the City Manager and/or the City Council, as appropriate.

- s. Florida Statutes require that all internal workings of the Evaluation Committee be kept confidential until the Committee has completed its work and all proposers have been officially notified of the selection.

REJECTION OF BIDS OR PROPOSALS

The City Council may reject any and all bids or proposals or parts of all bids or proposals when such rejection is in the best interest of the City. Rejection of bids or proposals may also be protested. A bid or proposal may be rejected if any of the following conditions exist:

- a. The bid or proposal does not conform to the technical specifications and/or solicitation documents;
- b. Insufficient financial resources and/or lack of technical ability, physical capacity and/or skill of the vendor to perform the contract or the service required;
- c. Inability of the vendor to perform the contract or provide the service within the time specified without delays or interference;
- d. Previous and existing non-compliance by the vendor with laws and ordinances relating to the contract or services;
- e. Inadequate quality or performance on previous contracts for goods and/or services;
- f. Vendor has been declared to be in default on any City or public entity contract, or debarred or suspended by any public entity;
- g. Taking exceptions to the terms, conditions and specifications of the bid or proposal;
- h. Non-conformance with minority business and/or disadvantaged business enterprise provisions and requirements, where applicable;
- i. When the City determines that the price quoted is not fair and reasonable;
- j. Insufficient competition;
- k. Any other cause in the best interest of the City.

ACCESSING CONTRACTS FROM OTHER GOVERNMENT AGENCIES AND NOT-FOR-PROFIT ORGANIZATIONS

The City may purchase goods or services from contracts awarded by all state, county, city or governmental agencies, including school boards, community colleges, or state university system cooperatives bid agreements or any nonprofit organization which is a direct affiliate of any such state, county, city or governmental agency when the bidder awarded a contract

agrees to offer for sale to the city, at the same terms, conditions and unit price awarded in such contract, and such are to the economic advantage of the City.

Before any purchase controlled by this section can be made, vendors shall comply with all City requirements prior to recommendation of approval by the Procurement Department, the City Manager, or the City Council. A copy of the contract or award documents shall be obtained from the government agency. If these documents are not available, copies of specific pages with information on the contract number and its expiration date, terms and conditions, the item(s) description and price, warranty period, payment terms, FOB terms, and other pertinent information shall be obtained. Contracts awarded by other government agencies and not-for-profit organizations, can be used on a direct award basis when those contracts were awarded based on full and open price competition.

When accessing another entity's contract, staff is to carefully review the terms and conditions of that contract, noting that vendors can provide services only in those categories in which they were awarded on the competitively solicited proposal or bid.

SOLE/SINGLE SOURCE PURCHASES

POLICY

It is the policy of the City of Lake City to purchase its goods and services through a full open and competitive process. However, when competition is not available or when it is determined in the best interest of the City to utilize other than full and open competition, City legislation authorizes the execution of purchases by other methods, such as a Sole/Single Source or Emergency basis (specific guidance on emergency actions is contained in a separate section of this guide - this section pertains only to sole/single source acquisitions).

One of the Procurement Department's primary goals is to foster full and open competition in the acquisition of goods and services for the City departments. The Procurement Director will review all Sole/Single Source requests to determine the appropriate acquisition approach. The Department will also perform industry and product market research to determine if alternative sources of supply are available. The Procurement Department will work closely with requesting departments to ensure that contract scope and work requirements are expressed in terms of performance or functionality whenever practical.

When the requesting department has decided internally that full and open competition is not in the City's best interests, the appropriate justification for that decision must be submitted to the Procurement Department for approval to waive the competitive process. Using the appropriate justification form, the requesting department must indicate the purpose of the acquisition, the uniqueness of the item or service, why waiving the competitive process is in the City's best interests, that market research has been performed by the requesting department to support its decision, and what proposed actions will enhance competition in future acquisitions.

DEFINITIONS

A sole source purchase is the acquisition of a good or service for which there is only one source that can provide the good or service and an equal product or service is not available from any other source. A single source purchase is the acquisition of a good or service whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

The Procurement Department may negotiate with the vendor(s) to obtain the best possible contractual arrangements for the City.

PROCESS

The Procurement Department will review all justifications to determine the appropriate acquisition approach. This will include evaluating specifications and statements of work to ensure that no artificial barriers or unnecessary restrictions prohibit or reduce competition. The Department will work closely with requesting departments to ensure that minimum requirements are expressed in terms of performance or functionality. The Department shall perform product and industry market research in order to determine if alternative sources of supply may be available to meet the requirements.

To make the administration of non-competitive acquisition effective and efficient, and to avoid redundant efforts, requesting departments must submit a completed sole/single source justification form to the Procurement Department for review and approval prior to entering into any type of discussions with a proposed supplier. Both advance acquisition planning, and early Procurement Department involvement in the planning process, are key to a successful procurement, competitive or otherwise.

It is the responsibility of the requesting department to justify in writing to the Procurement Department why it is in the City's best interest to waive the competitive process. For all sole/single source, the requesting department must submit a fully completed justification form to the Procurement Department supported by:

- a. Specifications or statement of work that clearly establishes the minimum performance or functional requirements of the product(s) or service(s);
- b. Description of the requesting department's unique need that precludes full and open competition;
- c. Evidence that the supplier is the exclusive distributor or authorized repair or service center or has exclusive territorial rights (if applicable);
- d. Evidence of proprietary rights (if applicable);
- e. Vendor proposal or quote (if any); and
- f. Any other supporting documentation

Upon receipt of a signed justification for a sole or single source, the Procurement Department shall make a determination through a review of the material and appropriate market research. If it is determined that more than one source is present in the market, the Department will provide the requesting department with a written market research summary and a recommendation on the appropriate procurement process to follow. If it is determined that a sole/single source does exist, approval of the sole/single source will be granted for a period not to exceed twenty-four months, after which time, a new signed justification will be required.

AWARD

When all requirements are met, and the Procurement Director or designee is satisfied that there is only one source of supply, or determines that a non-competitive situation exists for goods or services to be purchased, full and open competition may be waived. The City Manager shall consider, and may present the Sole/Single Source purchase request to the City Council for award. All vendors must comply with all City requirements prior to award. Additional funds and/or extensions of time that may be requested during the c o n t r a c t period are subject to the authority levels for all such contract modifications. A record of the sole/single source shall be maintained by the Procurement Department.

EMERGENCY PURCHASES

An emergency purchase shall be defined as an unforeseen or unanticipated urgent and immediate need for equipment, supplies, or services where the protection of life, health, safety or welfare of the community or the preservation of public properties would not be possible using normal purchasing procedures.

Before any purchase controlled by this section is made, the requesting department shall contact the City Manager for concurrence, explain the nature of the emergency, and provide a written certification of the emergency. Unless precluded by the nature of the emergency situation, vendors are to comply with all City purchasing requirements, including but not limited to City affidavits, prior to recommendation of approval by the Procurement Director, City Manager or the City Council.

If the item or service cannot be obtained from a vendor with an existing City contract, the requesting department should obtain quotations, whenever possible, from active City vendors. The requesting department shall be responsible for obtaining from the contracted vendor the necessary affidavits, insurance certificates, proof of proper licenses, trade certificates, permits, etc., as the emergency work may require.

As soon as possible, the requesting department shall submit to the Procurement Department the following documentation:

- a. Emergency documentation with appropriate signatures;
- b. Vendor(s)'s written quotation(s);
- c. Department's justification and/or explanation of circumstances for emergency purchase, to include a clear definition of the products and/or services sought and how and where it will be used; and
- d. Any other supporting documentation, as may be applicable.

AUTHORITY TO AWARD EMERGENCY PURCHASES

In the event a Department Director, or an authorized designee, determines that an emergency situation exists which requires an immediate response, a contract may be awarded regardless of the amount of expenditure. A purchase order will be approved by the Procurement Department upon receipt of acceptable supporting documentation from the requesting department. However, if the expenditure is in excess of \$35,000, the City Manager may present the circumstances to the City Council for its ratification.

MONITORING EMERGENCY PURCHASE REQUESTS

The Procurement Department shall report to the City Manager, through the Procurement Director, any City requesting department procurement practices that reflect poor operational planning or management and have the potential effect of defeating the purpose of the procurement process.

EMERGENCY DISASTER PURCHASES

Emergency disaster purchases are those purchases needed due to unforeseen acts of nature, to include but not limited to: hurricanes, tornados, floods, fire, etc.; and only when the City Manager or designee declares that a state of emergency exists.

For acquisitions of this type, the following procedures apply:

- a. The Requesting Department Director or designee, after verbal consultations with the City Manager, shall have the authority to enter into any contract when the City Manager determines that such work is necessary to preserve the life and safety of City residents and the wider community;
- b. The Requesting Department Director or designee shall first contract with vendors which are already on City contracts for the goods or services needed;
- c. All disaster purchases that are acquired without full and open competition or under an existing contract must be subsequently ratified by the City Manager or City Council, as appropriate.

REQUEST TO MODIFY A CONTRACT OR PURCHASE ORDER

When a requesting department requires a change to a purchase order or to modify a contract, the request must be submitted to Procurement Department for review and approval. Before submitting a request to modify a purchase order or contract, the requesting department should review the following conditions:

- a. Valid requirements have been established;
- b. Funds are available to cover the purchase; and

- c. Appropriate justification is included with the request package.

The requesting department shall submit its request, together with all supporting documentation, to the Procurement Department for review and determination as follows:

- d. Justification and/or explanation for request to modify the purchase order or contract. If goods and/or services are going to be used for the first time, state what the department was using before; and
- e. Any other supporting documentation as may be applicable.

Modifications and change orders to contracts and purchase orders require approval at the established authorization levels. Requesting departments may not proceed with any action on modified contracts or purchase orders until approval has been received from the Procurement Director, the City Manager, or the City Council, as appropriate.

MONITORING AND REPORTING VENDOR PERFORMANCE

Vendor performance is any action or inaction by a vendor under a contract, purchase order or other binding agreement with the City of Lake City. Any action or inaction by a vendor, which does not comply with the contractual terms and conditions, will be considered nonperformance and is to be documented and reported to the Procurement Department. Nonperformance includes but is not limited to, late or non-deliveries, substandard or unacceptable goods and/or service levels, habitual under or over shipments, and unauthorized subcontracting or contract assignments.

The requesting department shall appoint contract managers, who shall be responsible for monitoring vendor performance as it relates to the terms and conditions of the contract(s) and/or purchase order(s) issued. Vendor nonperformance actions are to be documented and reported to the Procurement Department for appropriate action aimed at correcting vendor performance, placing the vendor on probation for a period of time, suspension from bidding on City contracts, vendor debarment, and/or contract termination.

ACTION BY REQUESTING DEPARTMENT

The non-performing vendor should first be contacted by telephone to discuss the problems being experienced. A mutual understanding should be reached, if possible, and a time frame for corrective action established.

The requesting department should convene a meeting with the vendor to help resolve problems, whenever possible. Should the vendor continue to not meet the requirements, the requesting department should submit a memo to the Procurement Director, attach any available documentation to substantiate the problem, including a copy of any letters sent to the vendor or records of meetings (as applicable).

After receiving the vendor nonperformance, the Procurement Department will review the documentation to determine the appropriated course of action. This action may include: calling the vendor, sending vendor a "Notice to Cure", or scheduling a meeting with the vendor.

Where progressive steps aimed at correcting vendor performance have proven futile, the City Manager or designee may request a meeting to determine the next course of action. The vendor and the requesting department will be invited to this meeting. After listening to all parties, the City Manager or designee may:

- a. Establish a probation period for the vendor to correct all noncompliance problems;
- b. Terminate the contract for default;
- c. Terminate the contract for convenience; or
- d. Find no action necessary.

A copy of all written actions or documents will be provided to the requesting department. The final decision and formal action will be filed in the contract folder for future use in determining vendor responsibility in future award recommendations.

For contracts up to \$35,000, the City Manager or designee may terminate for convenience or default in accordance with the relevant provision of the contract. For contracts greater than \$35,000, the City Manager will recommend to the City Council the best course of action to safeguard the interests of the City.

OFFER GUARANTEE, PERFORMANCE AND PAYMENT BONDS, AND INSURANCE

BID OR OFFER GUARANTEE

A bid deposit to guarantee the vendor's intention to enter into a contract with the City, not to exceed ten percent (10%) of the estimated total bid price, may be required by the Procurement Department. If a bid or offer deposit or bid or offer bond is required, it shall be in the form and amount specified in the solicitation.

PERFORMANCE AND PAYMENT BONDS

The Procurement Department may require performance and payment bonds from the vendor selected for contract award in such amounts as may be deemed reasonably necessary to protect the best interests of the City. The bonds shall be in the form supplied by the City (no other form will be accepted) and in the amounts required by the solicitation.

INSURANCE

The Procurement Department may require insurance coverage from the vendor selected for award as may be deemed reasonably necessary to protect the best interest of the City. The insurance coverage shall be in the form and amount(s) as required by the solicitation.

Awards may be contingent upon submission of required insurance coverage and performance and payment bonds. If the vendor selected for award fails to fulfill these requirements the following default

actions will be followed.

- a. For contracts up to \$35,000, the City Manager or designee may render the vendor in default, re-award the contract to the next lowest responsive/responsible vendor, and subject the defaulted vendor to re-procurement charges or to forfeiture of the bid/offer bond, or security in an amount equal to the damages sustained by the City as a result of the default.
- b. For contracts greater than \$35,000, the City may re-award to a new vendor who participated in the solicitation, but was not awarded any portion of the contract. The City Manager will obtain the approval from the City Council.

MARKET RESEARCH

Market research must be conducted in anticipation of City procurement in order to ensure that specifications are suitable for fair and open competition. Market research is the foundation for developing an effective solicitation and successful contract that includes terms and conditions consistent with sound business practices and procurement laws.

PURPOSE OF MARKET RESEARCH

The primary purpose of market research in public procurement is to determine the availability of sources of supply or alternatives solutions that will meet minimum requirements. Market research should always begin with the intent to satisfy a legitimate City requirement or need. The need should be stated in terms of performance or functionality whenever practical. This means that the minimum requirements must be clearly understood and defined before market research can begin. Once the need has been established, market research must be conducted in order to determine the capability of the marketplace to meet the need of the City.

Market research includes identifying the attributes of existing products, processes or services that meet minimum requirements, or identifying the characteristics that of a yet to be identified product, process or service must possess. Effective market research should provide adequate information regarding existing products or services, qualified sources, industry trends, pricing, and what other entities are doing to meet the same or similar requirements. Failure to conduct thorough market research may result in requests for sole source purchases that cannot be adequately justified.

It is extremely important that the integrity of the procurement process be sustained at the highest standards and that suppliers are given a fair opportunity to compete for City business. In anticipation of a City procurement, market research must be conducted to ensure that specifications are not exclusionary, restrictive or favor any one vendor or proposer.

WHEN TO CONDUCT MARKET RESEARCH

When planning for a purchase (prior to or during the development of specifications or statements of work) of any dollar amount, the requesting department should conduct market research. Contact, whenever possible, a minimum of three different sources to determine if existing products or services

are available to meet requirements or if existing products or services can be modified to meet requirements.

MARKET RESEARCH TECHNIQUES

Research should include, whenever practical:

- a. The industry trends and customary terms and conditions regarding warranties, acceptance and inspection;
- b. Buyer financing – method and best practices;
- c. Standard maintenance support;
- d. Capable sources (including small businesses)
- e. General pricing information and availability of product(s);
- f. Competitive factors such as quality, product features, speed of technology and typical lead time;
- g. Commercial practices, other government entities practices; and industry support capabilities and practices; and
- h. Environmental issues – recovery and disposal of products and energy efficiency standards as might be appropriate.

EXTENT OF MARKET RESEARCH

As indicated before, a minimum of three potential sources must be sought prior to or during the planning of a pending acquisition. However, the extent of market research may vary depending on factors such as urgency, the estimated dollar value, complexity, past experience and the amount of information already available. In some circumstances, the Procurement Department may perform the market research.

It is important to remember that market research is not a substitute for full and open competition. It is not to be used to determine which product or service, supplier or proposer is best. Market research is conducted to determine the availability of products or services that meet the City's minimum requirements and to ensure that specifications are not exclusionary or otherwise restrictive.

SOURCES OF RESEARCH DATA

There are a variety of sources for information. However, perhaps the first place to start is with the City's (or DemandStar's) own database of vendors. Departments may also contact one or more of the following:

- a. Subject matter experts within the City, other governments or private industry;

- b. Publications and trade journals from industry;
- c. Marketing organization, professional associations and tradeshows;
- d. Colleagues from other jurisdictions;
- e. NIGP website: www.NIGP.org; or
- f. Web searches using Internet search engines like Yahoo, Google, etc.

COOPERATIVE PURCHASING

The City Manager or designee shall have the authority to join with other units of government in cooperative purchasing plans when the best interests of the City would be served. Cooperative purchases may take the following forms:

- a. One entity "piggybacking" on the contract of another. These contracts must have been awarded through full and open competition.
- b. Entities joining together to bid.

PURCHASE OF USED EQUIPMENT

Used equipment may be purchased within the following guidelines.

a. PURCHASE FROM DEALER/MANUFACTURER/AUCTION

The appropriate Department Head shall submit a written request to the Procurement Director and City Manager requesting authority to purchase an item at auction. The request shall include:

- i. An estimated cost and a maximum bid amount.
- ii. A justification for purchasing used, rather than new equipment.
- iii. The result of an inspection by a mechanic or other qualified technician, indicating the condition of the equipment, estimated repair cost if not operational, annual maintenance costs, and expected life of equipment after acquired by the City.

The City Manager must approve the request in writing and indicate the approved maximum bid amount prior to the auction.

After approval, the Department Head may bid up to the maximum bid amount to purchase the equipment.

- a. A purchase order must be prepared as part of this procedure.
- b. Must be purchased from agencies/entities.

The Department Head shall submit a written request to the Procurement Director and City Manager requesting authority to negotiate the purchase of an item from another agency or entity. The request shall include:

- i. An estimated cost and a maximum offer amount.
- ii. A justification for purchasing used, rather than new equipment.
- iii. The result of an inspection by a mechanic or other qualified technician, indicating the condition of the equipment, estimated repair cost of not operational, annual maintenance costs and expected life of equipment after acquired by the City.

The City Manager must approve the request in writing and indicate the approved maximum offer amount prior to the commencement of negotiations.

After approval, the Department Head shall negotiate a price with the agency or entity, not offering more than the maximum as approved above.

The Department Head shall prepare a purchase order as part of this procedure.

Under no circumstances shall an unauthorized employee offer to purchase used equipment from an individual, including an employee of the City.

CHANGE ORDERS AND AMENDMENTS

Contracts must be amended in the same manner in which they were executed, and at the requisite authorization levels, unless the contract provides for an alternative method of amendment.

SALES TAX EXEMPTION

The City of Lake City is exempt from paying Florida State Sales Tax. All employees who purchase goods or services on behalf of the City shall supply each vendor with a copy of the City's tax exemption certificate or number to avoid being assessed state sales taxes. Employees will not be reimbursed for the payment of state sales tax, except for travel outside the State of Florida.

The Sales Tax Exemption privilege is for the purchase of goods exclusively for use of the City of Lake City. City employees are expressly prohibited from purchasing goods or supplies for personal use using the City's tax exemption number/certificate.

EXCELLENCE IN PUBLIC PROCUREMENT – CODE OF ETHICS

The Procurement Department of the City of Lake City embraces and subscribes to the professional standards of the Code of Ethics of NIGP – The Institute for Public Procurement. Those professional standards are:

- Seeks or accepts a position as head (or employee) only when fully in accord with the professional principles applicable thereto and when confident of possessing the qualifications to serve under those principles to the advantage of the employing organization.
- Believes in the dignity and worth of the service rendered by the organization, and the societal responsibilities assumed as a trusted public servant.
- Is governed by the highest ideals of honor and integrity in all public and personal relationships in order to merit the respect and inspire the confidence of the organization and the public being served.
- Believes that personal aggrandizement or personal profit obtained through misuse of public or personal relationships is dishonest and not tolerable.
- Identifies and eliminates participation of any individual in operational situations where a conflict of interest may be involved.
- Believes that members of the Institute and its staff should at no time, or under any circumstances, accept directly or indirectly, gifts, gratuities, or other things of value from suppliers, which might influence or appear to influence purchasing decisions.
- Keeps the governmental organization informed, through appropriate channels, on problems and progress of applicable operations by emphasizing the importance of the facts.
- Resists encroachment on control of personnel in order to preserve integrity as a professional manager.
- Handles all personnel matters on a merit basis, and in compliance with applicable laws prohibiting discrimination in employment on the basis of politics, religion, color, national origin, disability, gender, age, pregnancy and other protected characteristics.
- Seeks or dispenses no personal favors. Handles each administrative problem objectively and empathetically, without discrimination.
- Subscribes to and supports the professional aims and objectives of NIGP – The Institute for Public Procurement.