



CITY OF MELBOURNE PROMPT PAYMENT POLICY

APPLICABILITY

This policy applies to payments to vendors.

OBJECTIVE

To provide a method for payment to vendors upon receipt of proper invoice(s) as required by Chapter 218, Part VII, Florida Statutes "Prompt Payment Act".

DEFINITIONS

- 1) *Due Date* means the date 45 days after receipt of a proper invoice, *with the exception of Construction Services*. If an agent must approve the payment request, construction service payments are due 25 business days after the payment request or invoice is stamped as received. If an agent does not have to approve the payment request, construction service payment is due 20 business days after the payment request or invoice is stamped as received.
- 2) *Agent* means project architect, project engineer, or any other agency or person acting on behalf of the local governmental entity.
- 3) *Proper Invoice* means a request for payment by a vendor, and *Payment Request* means a request for payment for construction services, which meets the following criteria:
 - a.) Conforms to all statutory requirements.
 - b.) References the City's purchase order number, if issued, or the name of the purchaser.
 - c.) Clearly identifies the vendor's name or the vendor's designee.
 - d.) Provides a remittance address on the face of the invoice.
 - e.) Bears a date that correlates with the conveyance of the goods, services or property.
 - f.) Bears an invoice number.
 - g.) Describes the goods, services, or property provided.
 - h.) Provides the location of the delivery, work completed, or property sold.
 - i.) Provides the unit prices and extended total prices of the goods, services, or property.
 - j.) Describes allowable discounts.
- 4) *Purchase(s)* means the purchase of goods, services, or construction services; the purchase or lease of personal property; or the lease of real property to the City.

- 5) *Vendor* means any person or business entity that sells goods or services, sells or leases personal property, or leases real property to the City.
- 6) *Construction services* means all labor, services, and materials provided in connection with the construction, alteration, repair, demolition, reconstruction, or any other improvements to real property that require a license under Parts I and II of chapter 489.

PROCEDURES

1) Payment Terms

The City will pay proper invoices or payment requests before the due date. A proper invoice or payment request shall be considered received when it is date stamped by the City's Director of Finance or her designee. For contracts administered by the Engineering department, all required approvals must be provided before the Director of Finance will receive the document.

When an improper invoice or payment request is submitted for payment, the Director of Finance or her designee shall, within ten (10) days after receipt of the improper invoice or payment request, notify the vendor that the invoice or payment request is improper and indicate the necessary corrective action to make the invoice or payment request proper.

If an invoice or payment request is rejected and the contractor submits a corrected payment request or invoice which corrects the deficiency specified in writing by the City, the corrected invoice or payment request must be paid or rejected on the later of:

- a.) Ten business days after the date the corrected invoice or payment request is stamped as received as provided in s. 218.74 (1); or
- b.) If the governing body is required by ordinance, charter, or other law to approve or reject the corrected invoice or payment request, the first business day after the next regularly scheduled meeting of the governing body held after the corrected invoice or payment request is stamped as received as provided in s. 218.74 (1).

If circumstances shall arise where a payment is not made to the vendor or a provider of construction services before the due date, the City shall pay interest from thirty days after the due date at the rate of 1% per month on the unpaid balance. The vendor must invoice the City for any interest accrued in order to receive interest payments.

Any overdue period of less than one month shall be considered as one month in computing interest. Unpaid interest shall compound monthly. For purposes of this procedure, one month shall constitute a period beginning on any day of one month and ending on the same day of the following month.

No contract between the City and the vendor shall prohibit the vendor from invoicing the City for late payment interest charges allowable.

2) Dispute Resolution

Should a dispute occur between a vendor and the City concerning a payment request or an invoice, a committee composed of the Assistant City Manager for Management Services, the Purchasing Agent and the Assistant Finance Director shall finally determine the disagreement. The undisputed amount shall be paid timely, in accordance with s. 218.735 (1). The proceedings to resolve this dispute shall commence not later than forty-five days after the date on which the proper invoice was received by the City and shall be concluded within sixty days.

A request for consideration of the dispute by the committee must be made in writing and must be made within ten days of notification by the Director of Finance or her designee. Failure by the vendor to request committee resolution of the dispute shall cause the vendor to waive the time schedule for dispute resolution.

When a contractor receives payment from the City for labor, services, or materials furnished by subcontractors and suppliers hired by the contractor, the contractor shall remit payment due to those subcontractors and suppliers within 15 days after the contractor's receipt of payment. When a subcontractor receives payment for labor, services, or materials furnished by subcontractors and suppliers hired by the subcontractor, the subcontractor shall remit payment due to those subcontractors and suppliers within 15 days after the subcontractor's receipt of payment. Nothing herein shall prohibit a contractor or subcontractor from disputing, pursuant to the terms of the relevant contract, all or any portion of a payment alleged to be due to another party. In the event of such a dispute, the contractor or subcontractor may withhold the disputed portion of any such payment if the contractor or subcontractor notifies the party whose payment is disputed, in writing, of the amount in dispute and the actions required to cure the dispute. The contractor or subcontractor must pay all undisputed amounts due within the time limits imposed by this section.

3) *The Director of Finance shall report to the City Manager the number of interest payments and the total amount of such payments made by the city during the preceding fiscal year. This report shall be made in December of each year for transmittal to the City Council.*

4) Notification to Vendors

The City will make this policy available on the City of Melbourne Web Site.

This policy has been formally approved and adopted as an official policy of the City of Melbourne by action of the City Manager on this 17 day of October, 2003.

City Manager