



Huntsville, Alabama

305 Fountain Circle
Huntsville, AL 35801

Cover Memo

Meeting Type: City Council Regular Meeting **Meeting Date:** 6/25/2026

File ID: TMP-7060

Department: Finance

Subject:

Type of Action: Introduction

Introduction of an Ordinance amending Chapter 2, Article IV, Division 1 of Ordinance 96-864 to add Section 2-160, thereby establishing a formal vendor gratuity policy to provide clear guidance for the authorization and disbursement of gratuity payments related to the provision of goods and/or services.

Ordinance No.

Finance Information:

Account Number: N/A

City Cost Amount: \$ N/A

Total Cost: \$ N/A

Special Circumstances:

Grant Funded: \$ N/A

Grant Title - CFDA or granting Agency: N/A

Resolution #: N/A

Location: (list below)

Address: N/A

District: District 1 ☐ District 2 ☐ District 3 ☐ District 4 ☐ District 5 ☐

Additional Comments:

The current financial policy provides no guidance on the disbursement of gratuity payments other than those related to meals during business or training travel. This policy establishes direction for issuing gratuities associated with City-sponsored and department-hosted events. It is intended to promote ethical, transparent, and equitable procurement practices while ensuring responsible use of public funds.

ORDINACE NO 26 - _____

BE IT ORDAINED by the City Council of the City of Huntsville, Alabama that Chapter 2, Article IV, Division 1 of the Code of Ordinance of the City of Huntsville, is hereby amended to include:

Sec. 2-160. – Vendor gratuity policy.

- (a) *Purpose.* The purpose of this section is to establish guidelines and parameters governing the disbursement of gratuities to vendors for the provision of meals and related services.
- (b) *Gratuity Parameters.* The City may authorize the payment of a gratuity to a vendor providing meals and related goods and services. The gratuity shall not exceed twenty percent (20%) of the cost of the meals or \$500.00, excluding sales taxes, delivery fees, service fees, and any other vendor assessed fees.
- (c) *Prohibited acts by City personnel.* No City department, employee, or agent shall not promise or guarantee any gratuity, gift, kickback, or item of monetary value to any vendor, prospective vendor, or representative thereof in connection with the provision of goods and/or services, except as expressly authorized by this Code.
- (d) *Prohibited acts by vendors.* No vendor, prospective vendor, or representative thereof shall, require, from any City department, employee, or agent any gratuity, gift, or item of monetary value in connection with the provision of goods and/or services unless the vendor clearly explains the gratuity, including how it is calculated and when it applies, and the City formally agrees to it at the time of order placement or contract execution and prior to the provision of any meals or related goods and/or services.
- (e) *Billing restrictions.* Gratuities automatically assessed by the vendor must be separately itemized on quotes, contracts, and invoices. No vendor shall invoice the City for any gratuity, gift, or amount exceeding the quoted price, contract price, or the amount authorized by a City-issued purchase order.
- (f) *Required documentation.* Each vendor shall provide the City with an itemized quote, contract, or receipt detailing the individual cost of meals, goods and/or services provided and associated costs, gratuities, and any applicable fees, including but not limited to delivery, setup, or service charges.
- (g) *Exception for travel-related gratuities.* The provisions of this section shall not apply to gratuities paid to establishments in connection with authorized travel, which are governed by City of Huntsville Policies and Procedures Section 22.14 (Ordinance Nos. 09-292; 14-525; 15-531; 17-705; 17-993; and 18-951).

ADOPTED this the 25th day of June, 2026.

President of the City Council of
the City of Huntsville, Alabama

APPROVED this the 25th day of June, 2026.

Mayor of the City of
Huntsville, Alabama