Town of Wayne
Maine

Purchasing Policy

Effective date:
November 23, 2010

Amended on:
January 28, 2014

Town of Wayne, Me
Purchasing Policy
(for all Town Departments except for the Fire Department)

Section 1. Purpose

Municipalities expend substantial sums of money each year carrying out the many functions and services that they provide. They also must dispose of surplus property from time to time. Taxpayers have a right to expect that the municipality's operations be carried out efficiently and expeditiously with adequate financial control and accountability. At the same time vendors should have a reasonable right to equal opportunity to provide the goods and services that are used by the government if they can provide an equivalent product or service and a competitive price.

The objective of this policy is to attempt to strike a balance between the need for department operating efficiency and flexibility, the need for financial control and accountability and the need to provide reasonable opportunity for all qualified vendors and citizens to compete for the Town's business and/or purchase its surplus materials or property. It is also the purpose of this policy to encourage joint and bulk purchasing among departments, agencies and other municipalities wherever such purchasing practices achieve better pricing without significantly degrading quality or operational efficiency.

This policy shall be known as the "Town of Wayne, Me Purchasing Policy" and may be cited as such.

Section 2. Definitions

For the purposes of this Policy, the following terms, phrases, words and their derivations shall have meanings ascribed to them in this section:

2.1 PURCHASE – is a good or service provided from a vendor of supplies or services needed for day –to-day operation.

2.2 BID MOST ADVANTAGEOUS TO THE TOWN – Not necessarily the low bid; in addition to price, the quality of the commodity's warrantee, speed of delivery, and the demonstrated service record of the vendor must be considered in determining the "bid most advantageous to the town."

2.3 COMPETITIVE BIDDING – The documented process of achieving the lowest bid or the bid most advantageous to the town for the good and services desired by the town as described in Section 7.

2.4 EMERGENCY PURCHASE - A purchase necessitated by a threat to public health, safety or to property.

2.5 FIELD PURCHASES - The direct purchase by a department head from a vendor of supplies or services needed in small quantities for day-to-day operation.

2.6 GOODS AND SERVICES - The complete array of purchases of the town, including but not limited to; supplies, commodities, equipment, construction materials and labor, consulting services, and training.

2.7 INFORMAL PRICE QUOTES - Quotations, written and oral, received from a vendor by means other than a formal Request for Proposal (RFP) or Request for Quotation (RFQ) process.

2.8 LIST OF APPROVED VENDORS - The list of vendors who have qualified to bid on town purchases on the basis of responsibility, quality, delivery and performance.

2.9 PURCHASE AMOUNT- The total cost of goods or service including all determinable associated costs, e.g. construction, engineering, delivery, setup and training. Where the purchase consists of small frequent charges, the aggregate twelve-month cost of goods or services shall be used to determine the amount of a purchase and the applicability of the specific sections of the Purchasing Policy. For multi-year lease agreements, the total cost shall determine the applicability of the specific sections of the Purchasing Policy.

2.10 Qualified Vendor- A Road Construction vendor list has been drafted and those on the list have been reviewed and approved by the Select Board of the Town of Wayne, Me and demonstrate quality, timely delivery, and quality performance.

2.11 SEALED FORMAL BIDS - Quotations from all vendors that are submitted in sealed envelopes, properly labeled and received by the Town prior to any specified deadline.

2.12 SPECIFICATIONS - The qualitative standards set by the Town Manager or his/her designated entity as a guide to the Board of Selectman and as a measure of quality and quantity that successful vendors must achieve to be considered for award. Specifications shall not restrict purchases as to trade name or eliminate bids being submitted on items that have the same specifications but not as to a specific trade name.

SECTION 3. Appropriations

3.1 No purchases shall be made until such time as the Town of Wayne has approved the necessary appropriation at town meeting or in the case of federal or state grants to the Town, the grant award has been received, and Select Board so informed.

3.2 Field Purchases for up to five hundred dollars ($500) may be executed by informal, direct purchasing as directed by the Town Manager.

3.3 Field Purchases up to One Thousand dollars ($1,000) may be made by the Department Head or his/her designee, except for the Road Commissioner ($5,000) because of the size and nature of many of their purchases

3.4 All requests for goods and services in an amount greater than One Thousand dollars ($1,000), except for the Road Commissioner ($5,000) shall be submitted by the Department Head or his/her designee to the Town Manager either by email, verbally or in writing for approval prior to the purchase. The Town Manager must respond by email, verbally or in writing to the Department Head or his/ her designee within 48 hours of the purchase of his/ her decision. In the case of the Road Commissioner, any expense over $5,000 must be approved by the Board of Selectmen.

3.5 In addition, Purchase Orders may be executed for emergency purchases up to, but not exceeding five thousand dollars ($5,000) by the Department Head. A report of such emergency purchases must be sent to the Town Manager within seventy-two (72) business hours of the emergency. Emergency is defined as those issues that will likely impact public health and/or safety.

3.6 With the exception of "field purchases" described in section 3.3 all purchases must be made or requested on approved Purchase Order forms.

3.7 The Town Office copy of the Purchase Order shall always be turned into the Accounts Payable folder within seventy-two (72) hours of the time the purchase is made.

3.8 Purchase Orders should not be used for small frequent purchases of the same commodity if it is known or estimated that the aggregate twelve-month cost of such purchases would exceed one thousand dollars ($1,000). Re: Purchase Amount definition.

3.9 Department Heads shall take the appropriate steps to attain the best pricing practical when using Purchase Order.

4.0 Department Heads will not divide or separate purchases, into smaller increments in order to avoid sections of this policy.

Section 4. Bidding Requirements

4.1 INFORMAL PRICE QUOTE REQUIREMENTS.

The Department Head shall conduct and document informal, competitive price quotes for purchases over five thousand dollars ($5,000). These price quotes will be documented in a brief memo attached to the PO. A minimum of three informal quotes with contact information by e-mail or otherwise if practicable will be solicited in all cases where the expenditure is anticipated to exceed $5,000.00. A formal written quote from at least three vendors shall be required for purchases from five thousand dollars ($5,000) and under fifteen thousand dollars ($15,000) if practicable. The informal price quotations will be submitted by the Department Head when required by the Town Manager for review and approval. Formal bidding will be employed by the Department Head or Board of Selectmen where the purchase price is less than fifteen thousand dollars ($15,000), if the process can be used effectively and to ensure the Town of Wayne is securing the best price possible.

4.2 FORMAL BIDDING REQUIREMENTS

Each Department Head in conjunction with the Town Manager shall advertise and conduct competitive, formal, sealed bidding pursuant to specifications on file in their office for purchases of goods and services of fifteen thousand dollars ($15,000) or more in accordance with section 7 of the Purchasing Policy.

4.3 OPTIONAL PURCHASING METHODS

Notwithstanding any other provision of this policy, the following methods may be employed for the purpose of purchasing goods and services.

4.3.1 EMERGENCY WAIVER OF BIDDING REQUIREMENTS- The bidding procedures may be waived by the Board of Selectman when there exists an emergency as determined by the Town Manager and/or Board of Selectmen. All attempts shall be made to obtain the most competitive price within the time available.

4.3.2 PURCHASES MADE THROUGH STATE; STATE BID PRICES -The Department Head may, with approval by the Town Manager, waive bidding procedures when purchasing through the State of Maine or at State bid prices but not superseding Section 6.1. The bid requirements may apply, at the discretion of the Town Manager and/or Board of Selectmen.

4.3.3 BLANKET PURCHASES – The Town Manager is empowered to bid and award blanket purchase orders for goods and services at an agreed price and/or quantities, but in quantities delivered and paid for as needed, subject to other provisions of the Purchasing Policy.

4.3.4 CHANGE PURCHASE ORDERS – The Town Manager is empowered to issue change purchase orders for changes in scope or quantity of an existing purchase. The change purchase amount is subject to other provisions of the Purchasing Policy.

4.3.5 REQUESTS FOR PROPOSALS (RFP) – The Town Manager may solicit competitive proposals if he/she determines that compiling detailed technical specifications is not feasible or advantageous and when the solicitation and award of RFPs is subject to other provisions of the Purchasing Policy.

4.3.6 REGIONAL PURCHASING – The Town Manager and Department Heads may participate in solicitations to bid conducted by the Town or another town or Town Manager where the goal is to bid for goods and services for one or more towns , or town subject to other provisions of the Purchasing Policy and approval of the Board of Selectmen.

Section 5. Exceptions

5.1 EXCEPTION REPORTING – The Department Head shall report apparent exceptions to the bidding and award requirements to the Town Manager who will inform the Select Board of the exception.

5.2 EXEMPTIONS TO BIDDING AND APPROVAL REQUIREMENTS - Payments exempt from the bidding and Town Manager approval requirements due to their nature or other statuary provisions include:

5.2.1 Utility consumption costs including electrical, natural gas, fuel, heating oil, water and sewer.

5.2.2 Telephone and cell phone call charges.

5.2.3 Advertising.

5.2.4 Postage.

5.2.5 Federal, state and local taxes.

5.2.6 Court judgments.

5.2.7 Workers Compensation claims.

5.2.8 Debt service payments.

5.2.9 Legal and professional services.

5.2.10 Tipping fees and other disposal fees.

Section 6 Review of Purchases by the Board of Selectmen

6.1 The Department Head's recommendations for all bid purchases of goods and services of fifteen thousand dollars ($15,000) or more shall be reviewed by a majority of the Board of Selectman at a public meeting, prior to the awarding of such bids by the Town Manager. The Board may, by a majority vote, direct the Manager to reject all bids, rebid, or award the bid as directed by the Board.

Section 7 Competitive Bidding Procedure

7.1 Competitive bidding will open with notice from the Town Manager by notice of solicitations for bids, which shall be sent to vendors, and/or by advertising. The notice shall contain specifications as to the quantity and quality, date and time at which bidding shall be closed and the date and time at which bids shall be opened and read and the purchase awards made. All solicitations shall note that all purchases are subject to the conditions set forth in the Town Purchasing Policy. A pre-bid meeting should be held by the Town Manager and prospective bidders whenever possible, to discuss the bid specifications, as appropriate.

7.2 The Town Manager or his/her designee shall solicit at least three (3) vendors on every purchase requiring bidding; provided, however, that in all cases a bid most advantageous to the town be awarded. In the event that less than three (3) bids shall be received, the Town Manager may either award the purchase on the basis of the best bid of those submitted or shall order a re-bid on that prospective purchase.

7.3 Technical specifications for bids shall state information as broadly as practicable, yet shall be specific enough to describe the requirements of the department. Non-technical specifications for bids shall state the quality required in general terms.

7.4 Formal, sealed bids shall be submitted by qualified vendors before the stated deadline, and may be withdrawn by any bidder before the deadline. After the deadline, the Town Manager shall receive no further bids, and no bidder shall withdraw a bid. The town shall have custody of all bids submitted pursuant to this policy.

7.5 Town Manager shall require security from vendors for construction projects estimated to be in excess of $50,000. The elements of a purchase to be secured include, but not limited to, the following:

7.5.1 **BID PRICE** – To insure a margin above the bid price, from the time of bid opening until signing of the contract, in case of default by the bidder. The amount is used to offset the cost of accepting the next lowest qualified bidder. Minimum of 10% of bid price.

7.5.2 **PERFORMANCE** – To insure compliance with and completion of the contract. 100% of contract.

7.5.3 LABOR AND MATERIAL PAYMENT – To insure payment to suppliers and subcontractors by the contractor. 100% of contract.

7.6 The form of the security will be prescribed by the Town Manager and acceptable by the Town Attorney and Board of Selectman and can consist, but is not limited to, bonds issued by surety Companies licensed within the United States, certified checks and irrevocable letters of credit at banks acceptable to the Town.

7.7 The Town Manager may include security requirements for projects less than $50,000 and in Other types of purchases where doing so is determined to be in the best interests of the Town.

7.8 In the event of a tie for low bid by equally qualified bidders where one bid is not considered a bid most advantageous, the following rules shall apply to the tied bidders:

7.8.1 Preference for award shall be given first to any bidder who is located within Wayne. If none of the bidders are located in Wayne, preference shall then be given to any bidder located within the State of Maine.

7.9 All bids should be open in public and read aloud for the public record. In determining the low bid or the bid most advantageous, the Town Manager shall be given a reasonable time, whenever possible, to analyze the bids so that the bids are compared on an equal basis and award the bid most advantageous to the Town as described in section 2.1. In cases of bids in excess of fifteen thousand dollars ($15,000), the Town Manager shall submit his /her recommendation to the Board for comment as described in section 6.1 of this policy.

7.10 The competitive bid procedure may be waived by a majority vote of the Board of Selectmen upon the request of the Town Manager.

Section 8. Re-bidding

8.1 The Town Manager is authorized to solicit the re-bid for any or all items that have been noticed for bidding where less than three bids have been received, notwithstanding solicitations seeking the same the same, or where no bid most advantageous to the town has been received.

Section 9. Contract Processing

9.1 The Town Manager is designated as the contracting officer of the town as authorized by town ordinance or by vote of the Board of Selectmen. Execution of a contract or contract change order accompanying a purchase order or purchase change order greater than five thousand dollars ($5,000) shall occur only after the contract has been reviewed as to form by the Town Attorney and funding confirmed by the Town Manager. Purchases involving contrast are subject to all other provisions of the Purchasing Policy.

9.2 Contracts requiring monthly installment payment plans should be negotiated whenever possible, to be paid on the second warrant of each month.

Section 10. Conditions of Purchase

10.1 All purchases made by the town shall be subject to the following condition:

10.1.1 All purchases shall be awarded on the basis of the lowest bid meeting specifications or the bid most advantageous to the town and meeting specifications. As determined by the Town Manager and subject to the Select Boards review.

10.1.2 All purchases shall be subject to the reservation of the right by the town to accept or reject any or all bids.

10.1.3 When an award of purchase shall be recommended to other than the lowest qualified bidder as the bid most advantageous to the town, the Town Manager shall submit such recommendation to the Board of Selectman for approval or disapproval. Should the Board of Selectman reject such recommendation, the award shall be made to the bid deemed to be the next most advantageous to the Town, unless all bids are rejected.

Section 11 Duties of Department Heads

11.1 All Department Heads shall:

11.1.1 Determine acceptable quality and quantity of commodities and supplies to be purchased.

11.1.2 Assist the Town Manager in establishing lists of approved specifications and vendors.

11.1.3 Share knowledge of special factors that will implement a policy designed to enable the town to minimize cost and maximize quality.

11.1.4 Supply the Town Manager with a list of estimated annual requirements of frequently used supplies, thereby fostering group purchasing.

11.1.5 Prepare requisitions with a view toward group purchasing and keep Corresponding records to facilitate debiting on town financial records.

11.1.6 Be empowered to reject any unacceptable supply or commodity on Grounds including high cost or low quality, and provide the Town Manager with a Detailed written report explaining the reasons for such rejection.

11.1.7 Ensure that the policy is followed and that they are not dividing up Purchases or separating them with the intent of avoiding the conditions of this Policy.

Section 12 Obsolete Fixed Assets

12.1 All department heads shall report, annually (or other such deadlines as determined By the Town Manager) to the Town Manager obsolete and excess fixed assets, including:

12.1.1 Items beyond use.

12.1.2 Items being replaced or to be replaced and are not traded.

12.1.3 Obsolete items.

12.2 The Town Manager will determine if the item has value and usefulness to another department within the town.

12.3 In the event the item cannot be used by another department, the Town Manager will, upon approval of the Board, advertise a list of items that will be available for public auction by sealed bid.

12.4 The Notice shall include

12.4.1 A description of each item
12.4.2 Location and time available for inspection of items to be auctioned
12.4.3 Minimum bid required (if appropriate)
12.4.4 Bid requirements
12.4.5 Date of bid opening
12.4.6 Payment, pick up and purchase requirements

Section 13 Exchange for Goods and services

13.1 Any transfer of town assets, waiving or abatement of fees, or performance of town services in exchange for goods and services to be received by the town shall be deemed a purchase and shall be subject to the provisions of the Purchasing Policy as determined by the fair market value of the town assets, and /or services being exchanged.

Section 14 Conflicts of Interest

14.1 No employee of the town shall solicit the favorable treatment of himself or others with Vendors customarily bidding for town purchase awards, nor shall any employee accept any gift from any vendor interested in obtaining town purchases, except for an advertising token of insignificant value.

Section 15 Implementation

15.1 To facilitate conduct in accordance with this policy, a copy of this policy shall be made available to town officials, employees, volunteers, board and commissions upon hiring, appointment or election to office, the outside auditors and at such other times as may be necessary.

Adopted by vote of the Board on this date,

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Received and Recorded: _____, 2014

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Town Clerk