

POLICY

Revised 10-5-20

Article 2, Sections 4402 - 4409

To: Milton Selectboard
From: Jessica Morris, Finance Director
Re: Purchasing Policy and Procedures
Date: October 5, 2020

EFFECTIVE DATE - Immediately

PURPOSE. The purpose of this Purchasing Policy is to obtain the highest quality goods and services for the Town of Milton at the lowest possible price, to exercise financial control over the purchasing process, to clearly define authority for the purchasing function, to allow fair and equal opportunity among qualified suppliers, and to provide for increased public confidence in the procedures followed in public purchasing.

AFFIRMATIVE ACTION AND LOCAL PREFERENCE. Whenever possible, qualified small, minority and women-owned businesses shall be included in the solicitation lists for bids or non-bid purchases. If the purchase is federally funded in whole or in part, minority and women owned businesses must be included in the solicitation lists and all other affirmative action requirements outlined in the grant provisions must be followed. The Town may exercise a preference for local businesses for purchases funded exclusively by the Town but only if such a preference does not result in unreasonable prices or rates due to a lack of competition. For purchases funded in whole or in part with federal funding the Town may not exercise a preference for local businesses.

CODE OF CONDUCT. Employees, officers and agents of the Town who are involved in the procurement and selection of bids and purchases shall make reasonable efforts to avoid real, apparent, or potential conflicts of interest. No employee, officer or agent of the Town shall participate in selection, award, or administration of a contract if a conflict of interest, real or apparent, would be involved. Such a conflict would arise when:

the employee, officer or agent,
any member of his or her immediate family,
his or her partner, or

an organization which employs, or is about to employ, any of the above, has a financial or personal interest in the firm/vendor selected for award.

An employee, officer or agent of the Town who is involved in the procurement and selection of a bid or purchase and who has a real or apparent conflict of interest must disclose that conflict of interest within the context of a duly warned Selectboard meeting that occurs before the bid selection or purchase takes place. Such disclosure must be documented in the minutes for that meeting which shall be retained as part of the official record surrounding the bid or purchase.

Officers, employees and agents of the Town will not solicit nor accept gratuities, favors or anything of monetary value from contractors, potential contractors, or parties to sub -agreements.

Officers, employees and agents who fail to follow the above Code of Conduct shall be sanctioned or disciplined, to the extent permitted by law, for violations of the above standards.

DOCUMENTATION. Records documenting the procurement process for any Minor or Major purchases, as those terms are defined below, including the reason for the specific procurement method chosen, the basis for the award and contract pricing (showing evidence that the process was fair and equitable), as well as any other significant decisions that were part of the procurement process shall be maintained for a period of at least three years from the date of the submission to the Federal government of the final expenditure report if the purchase or project was funded with federal grants, or until the completion of any litigation, claim, negotiation, audit, or other action involving the records, whichever is longer. Otherwise, records shall be maintained by the Town in accordance with the retention and disposition schedules as set by the Vermont State Archivist.

PURCHASING AUTHORITY.

Purchasing Agents. The following employees are designated to act as Purchasing Agents for the Town:

Town Manager

Directors

Department Heads

Purchasing Agents are responsible for ensuring that the best possible price and quality are obtained with each purchase and Purchasing Agents shall review all proposed procurements to avoid unnecessary or duplicative purchases of equipment, supplies and services. Purchasing Agents shall also ensure that competition is not restricted with limits on the geographic location of vendors, with unreasonable

requirements or qualifications placed on vendors, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

Incidental Purchases. Employees who have been designated to act as Purchasing Agents may make purchases of up to \$4,999.99 without prior approval, provided those purchases are limited to the amount of the budget authorized by the Town.

Minor Purchases. Employees who have been designated to act as Purchasing Agents may make purchases with a value between \$5,000.00 and \$14,999.99 only with prior approval of the Town Manager and are limited to the amount of the budget authorized by the Town. Although not required, competitive quotes from at least three vendors should be obtained whenever possible.

Major Purchases. All purchases over \$15,000.00 require prior approval of the Selectboard. The Selectboard shall review all proposed procurements to avoid unnecessary or duplicative purchases of equipment, supplies and services. The Selectboard shall also ensure that competition is not restricted with limits on the geographic location of vendors, with unreasonable requirements or qualifications placed on vendors or bidders, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

If federal funding is used for purchases between \$10,000 (\$2,000 in the case of construction projects subject to Davis Bacon requirements) and \$250,000, price or rate quotes must be obtained from two or more qualified sources following the affirmative action provision of this policy and all provisions regarding fair and unrestricted competition.

For all purchases with a value between \$5,000.00 and \$14,999.99, price and rate quotations shall be obtained from at least two qualified vendors to ensure that the Town has received a fair and reasonable price. Vendors will be selected based on cost, the quality of the goods and services offered, and the ability, capacity, and skill of the vendor demonstrated under prior contracts with the Town.

Large purchases with a value of \$15,000.00 or more must follow a sealed bid process as outlined below.

Purchases at or exceeding \$250,000 or construction projects of any value that are funded with federal dollars must follow a sealed bid process as outlined below and also follow any procurement guidance as outlined in the grant agreement. In addition, a pricing analysis must be completed by the purchasing agent or a qualified consultant prior to issuing the request for proposal to ensure that there is a reasonable estimate against which to compare bid proposal pricing.

PURCHASE ORDERS. In certain situations, the Selectboard or his/her designee may determine that it is desirable to use a purchase order for a particular transaction. This is particularly true when there is an anticipated or perceived difference between the expectations of the Town and the Vendor in terms of a certain purchase transaction. In these instances, the Finance Director would issue a purchase order to the vendor, outlining the terms and conditions associated with the transaction. In situations described above, the purchase order serves as a legal document to protect the Town in the event of non-performance by a vendor. All capital purchases require a purchase order.

SEALED BID PROCESS. The sealed bid process shall be initiated by the issuance of a Request for Bids prepared by the Selectboard or its designee. Notice of the Request for Bids may be made by letters to known providers soliciting bid responses, advertisements posted in public locations within the Town, advertisements posted on the Town's website, and/or advertisements placed with the Town's paper of record.

BID SPECIFICATIONS. A list of bid specifications shall be prepared for each purchase over \$15,000.00 and shall be available for inspection at the Town office. Bid specifications shall include:

Bid name.

Bid submission deadline.

Date, location, and time of bid opening.

Specifications for the project or services including quantity, design, and performance features.

Bond and/or insurance requirements.

Any special requirements unique to the project or purchase.

Delivery or completion date.

For construction projects, language that sets a requirement for a bid guarantee in the amount of 5% of the bid price from all bidders, as well as performance and payment bonds in the amount of 100% of the contract price from the contractor awarded the bid. If federally grant funded, the bidders must also include costs for Davis Bacon compliance if that is a requirement of the federal agency providing the funding.

For federally grant funded construction projects over \$2,000, a statement that contractors will be provided with a copy of the most current wage determination (from the DOL website at <http://www.wdol.gov/dba.aspx>) and must comply with the Davis Bacon Act.

Language that reserves for the Selectboard the right at its sole discretion to reject any and all bids, wholly or in part, to waive any informalities or any irregularities therein, to accept any bid even though it may not be the lowest bid, to call for rebids, to negotiate with any bidder, and to make an award which in its sole and absolute judgment will best serve the Town's interest. The Selectboard reserves the right to investigate the financial condition of any bidder to determine his or her ability to assure service throughout the term of the contract.

Once a Request for Bids has been issued, the bid specifications will be available for inspection at the Town office.

BID SUBMISSION. All bids must be submitted in sealed envelopes or electronically as specified by the Request for Bids, addressed to the Town in care of the Town Manager or his/her designee, and plainly marked with the name of the bid and the time of the bid opening. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt; the electronic date stamp will be used when submitted electronically. Any bid may be withdrawn in writing prior to the scheduled time for the opening of bids. Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened.

Bidders shall bid to specifications and any exceptions must be noted by the bidder. A bidder submitting a bid thereby certifies that the bid is made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work, and that the bidder is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

BID OPENING. Every bid received prior to the bid submission deadline will be publicly opened and read aloud by the Town Manager or his/her designee. The bid opening will include the name and address of bidder; for lump sum contracts, the lump sum base bid and the bid for each alternate; and the nature and the amount of security furnished with the bid if required.

CRITERIA FOR BID SELECTION. In evaluating bids, the Town Manager or his/her designee will consider the following criteria:

- Price.
- Bidder's ability to perform within the specified time limits.
- Bidder's experience and reputation, including past performance for the Town.
- Quality of the materials and services specified in the bid.
- Bidder's ability to meet other terms and conditions, including insurance and bond requirements.
- Bidder's financial responsibility.
- Bidder's availability to provide future service, maintenance, and support.
- Nature and size of bidder.

- Contract provisions that are acceptable to the Town.
- For federally grant funded construction projects over \$2,000, contractor's indication of acceptance of wages in the current wage determination provided as part of the Request for Bids.
- Any other factors the Town Manager or his/her designee determines are relevant and appropriate in connection with a given project or service.

In addition to the above, in the case of a contract supported by federal funds, the additional criteria shall apply:

There shall be no preference exercised for local contractors or suppliers.

Minority and women-owned businesses must be included in the solicitation list for the request for proposal.

13. The Town will not select a bidder who is listed on the Excluded Parties List System website (<https://www.sam.gov>).

CHANGE ORDERS. If specification changes are made prior to the close of the bid process, the Request for Bids will be amended and notice shall be sent to any bidder who already submitted a bid and a new bid process will be initiated. Once a bid has been accepted, if changes to the specifications become necessary, the Town Manager or his/her designee will prepare a change order specifying the scope of the change. Once approved by the Selectboard, the contractor and an authorized agent of the Town must sign the change order.

EXCEPTIONS. The following exceptions may apply, however there must be written documentation created and maintained that outlines the process and rationale for such exceptions:

Competitive Proposals. If time does not permit the use of sealed bids, or the award will be made on the basis of non-price related factors, a competitive proposal process shall be initiated by the issuance of a Request for Bids (RFB) or Request for Qualifications (RFQ) prepared by the Selectboard or its designee that includes the factors that will be used to evaluate and compare the proposals. Bids or qualifications shall be obtained from an adequate number of qualified sources (at least two vendors) to ensure that the Town has received a fair and reasonable price and all notification and record keeping requirements of the sealed bid process shall be followed. If architectural or engineering services are being solicited, this process should be used with the most qualified firm or individual awarded the bid and price or fees

negotiated after the award. If competitive proposals are used, all of the above steps in the sealed bid process should be followed except that: 1) the bid submission need not be sealed; and 2) price will not be the primary factor in the proposal selection.

Sole Source Purchases. If the Town Manager or his/her designee determines that there is only one possible source for a proposed purchase, it may waive the bid process and authorize the purchase from the sole source.

Recurring Purchases. If the total value of a recurring purchase of a good or service is anticipated to exceed \$15,000.00 during any fiscal year, the bid process shall be utilized and shall specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases shall be made from that bidder without necessity of additional bids, until such time as the Selectboard votes to initiate a new bid process.

Emergency Purchases. The Town Manager or his/her designee may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency expenditures may include immediate repair or maintenance of town property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of important Town services.

Federally funded non-competitive purchases for \$250,000 or more require a cost analysis to determine the reasonableness of the proposed pricing and should be completed in accordance with the requirements of the federal or state agency issuing the grant funding.

This Procedure shall amend and replace any provisions of any procedure of the Town in effect at the time of enactment.

The Milton Selectboard, acting in regular session voted in favor of the amendment to the Purchasing Policy, as outlined in Policy Article 2, Sections 4402 & 4409 above, as amended. Further that this referenced Policy shall be part of the permanent record by attachment of the same to the Minutes of the aforementioned Meeting this 5th day of October, 2020 and is effective as of this date until amended or repealed.

Date: October 5, 2020

Milton Selectboard

John Palasik, Chair

[Signature]

Chris Taylor, Clerk

[Signature]

John FitzGerald, Member

Michael Morgan, Vice-Chair

[Signature]

~~Brenda Steady, Member~~

Filed with the Town Clerk this 6 ^{Oct.}~~of July~~ 2020

ATTEST: *[Signature]*