



# Town of Charlotte

ESTABLISHED 1762

## PURCHASING POLICY

Edit from SB meeting 5/12/15—updated by Dean

### Prior Updates:

3/23/15 (Introduced)

3/30/15

4/20/15

4/28/15

5/5/15

### PURPOSE

The purpose of this Purchasing Policy (“Policy”) is to create a process for purchasing goods and services promoting efficiency, consistency, fairness, accountability and confidence, while allowing necessary supplies and services to be provided in a timely and cost effective manner, treating all vendors equitably. This Policy shall apply to all purchases of goods and services by the Town of Charlotte, Vermont except where conditions of state or federal funding, grants, gifts or bequests dictate otherwise.

### SECTION I: DEFINITION

**PURCHASING AGENT:** The Purchasing Agent shall be the Selectboard, a department head, or a board chairperson. The Purchasing Agent may delegate its authority to a designee.

### SECTION II: PURCHASE CATEGORIES

#### A) INCIDENTAL PURCHASE

1. Incidental Purchase Definition: a good or service costing less than \$1,000.
2. An Incidental Purchase may be made by Purchasing Agent without a solicitation for bids or quotations. However, if practicable, quotations are encouraged.

#### B) REGULAR PURCHASE

1. Regular Purchase Definition: a good or service costing \$1,000 - \$5,000.
2. For Regular Purchases, the Purchasing Agent or designee shall use either the Competitive Solicitation Process (Section III) or the Bid Process (Section IV), unless a single source has been approved by the Selectboard (Section V).

#### C) MAJOR PURCHASE

1. Major Purchase Definition: a good or service costing over \$5,000.
2. For Major Purchases, the Selectboard shall act as the Purchasing Agent. The Selectboard may designate another Town official or employee to be the Purchasing Agent (i.e. Designee).

- 42 3. Major Purchases may only be made by the Selectboard and must comply with the Bid Process  
43 (Section IV) unless a single source has been approved by the Selectboard (Section V) or is on the  
44 Preferred Vendor List.  
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46 **SECTION III: COMPETITIVE SOLICITATION PROCESS**

- 47 **A)** The Purchasing Agent shall solicit quotes from at least two vendors. Vendors, goods and services will be  
48 selected based on cost, the quality of goods and services offered, and the ability, capacity, and skill of the  
49 vendor as demonstrated by prior purchases by the Town or other customers.  
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51 **B)** The Purchasing Agent shall maintain documentation of such purchases, including: a list of vendors  
52 contacted, copies of all quotes, vendor correspondences, and a copy of any agreement.  
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54 **SECTION IV: BID PROCESS**

55 **A) REQUEST FOR PROPOSALS**

- 56  
57 1. The bid process shall be initiated by the issuance of a Request for Proposals and bid package prepared  
58 by the Selectboard.  
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60 2. The bid package will include:  
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62 a. A Request for Proposals with project or product name, submission deadline, date, location and  
63 time of the bid opening, product or service specifications including a description of the materials,  
64 equipment or services to be purchased, any security requirement, notification of the Town's tax  
65 exempt status, and any other pertinent information  
66 b. A request for the price margin(s) over the wholesale materials cost(s) (if applicable)  
67 c. A request for the hourly rate and mark-up percentage of materials for any additional work  
68 d. A proposed payment schedule and % retention (if applicable)  
69 e. A statement indicating the right of the Town to reject any or all bids  
70 f. A request for three qualified references  
71 g. Insurance requirements of the Town  
72 h. A bid form may be required to be submitted to the Selectboard with the bid price and all  
73 information requested by the Town  
74 i. Vendor certification requirements (if applicable)  
75 j. A code of conduct (if applicable)  
76  
77 3. Pre-bid meetings shall be held for Major Purchases unless waived by the Selectboard; the date, time  
78 and location of such meetings shall be noted in the Request for Proposals. For Major Purchases, the  
79 bid package shall be reviewed by the Selectboard prior to advertising and distribution to prospective  
80 bidders.  
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82 **B) ADVERTISING**

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84 Requests for Proposals shall be advertised in the newspaper(s) of record and in any other appropriate media at  
85 least two (2) weeks prior to the submission deadline. The notice shall include: the submission deadline, the  
86 location for bid submissions and information on how to obtain a bid package.

87 **C) BID SUBMISSION**  
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- 89 1. All bids shall be submitted in sealed envelopes addressed to the Selectboard, and plainly marked with  
90 the name of the bid.
- 91
- 92 2. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt.
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- 94 3. Bids may be withdrawn by request (in writing) prior to the scheduled time for the opening of bids.
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- 96 4. Any bids received after the submission deadline shall not be considered and shall be returned to the  
97 bidder unopened.
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- 99 5. Bidders shall bid to the requested specifications, and any exceptions shall be noted.
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- 101 6. Bidders shall sign the bid form, certifying that the bid is made in good faith without fraud, collusion,  
102 or connection of any kind with any other bidder for the same work, and that the bidder is competing  
103 solely on their behalf without connection with or obligation to any person or firm.
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#### 105 **D) BID OPENING**

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107 Every bid received prior to the bid submission deadline will be publicly opened and read aloud by the Selectboard  
108 or designee at a Selectboard meeting. The bid opening will include the name and address of bidder; for lump sum  
109 contracts, the lump sum base bid and the bid for each alternate; for unit price contracts, the unit price for each  
110 item and the total.

#### 111 **E) CRITERIA FOR BID SELECTION**

- 112 1. In evaluating bids, the Selectboard may consider the following criteria:
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- 115 a. Price
- 116 b. Bidder's schedule for completion and ability to perform within the specified time limit(s)
- 117 c. Bidder's experience and reputation, including past performance for the Town
- 118 d. Quality of the materials and services specified in the bid
- 119 e. The match between the specifications requested and the specifications proposed in the bid
- 120 f. Bidder's ability to meet other terms and conditions, including insurance and bond requirements
- 121 g. Bidder's availability to provide future service, maintenance, and support
- 122 h. Nature and size of bidder
- 123 i. Any other factors the Selectboard determines are relevant and appropriate in connection with a  
124 given project, service or product.
- 125
- 126 2. The Selectboard reserves the right to investigate the financial responsibility of any bidder to  
127 determine their ability to assure service throughout the term of the contract.
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- 129 3. The Selectboard reserves the right in its sole discretion to reject any and all bids, wholly or in  
130 part, to waive any informalities or immaterial irregularities therein, to accept any bid even  
131 though it may not be the lowest bid, to call for rebids, and to make an award which in its sole  
132 and absolute judgment will best serve the Town's interest.
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#### 134 **F) CHANGE OF SCOPE**

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- 136 1. If specification changes need to be made prior to the deadline for submission of bids, the Request for  
137 Proposals will be amended and notice shall be sent to all bidders who already submitted a bid and to

138 all prospective bidders known to have obtained a bid package, and the notice shall be advertised  
139 (Section V, subsection B). A new bid process may be initiated.

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141 2. If specification changes need to be made after the deadline for submission of bids (e.g. all bids are  
142 higher than the budget for a project or purchase,) but before any award is made, the Selectboard may  
143 request updated bids from all bidders who submitted a timely bid, or initiate a new bid process.  
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#### 145 **G) AGREEMENT**

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147 Following bid selection, the Selectboard will create a contract or letter of agreement which shall reference the  
148 Request for Proposals, the winning bid price, and other information as determined to be appropriate by the  
149 Selectboard, to be signed by the Selectboard and contractor/vendor.

#### 150 **H) CHANGE ORDER**

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152 Once a bid has been accepted, if changes become necessary, the Selectboard will prepare a change order  
153 describing the change(s) and the associated cost(s). The Selectboard and the selected bidder will sign the change  
154 order upon agreement.

#### 155 **I) BID FILES**

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157 Bid files are to be maintained by the Selectboard. Files should include a copy of the Request for Proposals, the  
158 date or copies of bid advertisements, the list of bidders and bids received, the bid comparison or analysis, any  
159 recommendations made to the Selectboard, copies of correspondence with bidders, and the agreement and any  
160 other contract documents executed after award of the bid. Files may be maintained in paper or electronic format.

### 161 **SECTION V: EXCEPTIONS TO THE USE OF THE BID PROCESS**

162 **A)** The Selectboard may waive the bid process for Major Purchases and authorize the purchase from a single  
163 source under the following circumstances:

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165 1. **SOLE SOURCE:** No other vendor exists capable of fully meeting the Town's bid requirement(s).  
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167 2. **PREFERRED SOURCE:** Alternative vendors exist in the market, but the Selectboard prefers a  
168 particular vendor because of project requirements (precision, reliability, service, unique needs); a  
169 vendor's historical performance and/or extensive knowledge of the Town's need; or concerns about  
170 other vendors (lack of experience or history, poor service, lack of availability of parts).  
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172 3. **EMERGENCY PURCHASES:** The Selectboard may award or authorize contracts or make  
173 purchases for the purpose of meeting a public emergency without complying with the bid process.  
174 Emergency expenditures may include immediate repair of or maintenance to Town property,  
175 equipment or infrastructure if the delay in such repair or maintenance would endanger person(s) or  
176 property or result in substantial impairment of the delivery of important Town services.  
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178 **B)** In the event that the Selectboard authorizes use of a single source, the Purchasing Agent shall write a  
179 memo for the project file which includes the following as applicable:  
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- 181 1. A statement that provides information regarding the project or procurement (e.g., any unique  
182 requirements, nature of emergency, etc.) and identification of the reason(s) that the selection process  
183 does not include a bid process

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2. A description of the proposed vendor's/contractor's unique qualifications
3. A description of efforts to solicit offers from other vendors and the results, or a statement describing the reason offers from other vendors were not solicited.

**SECTION VI: RECEIPT AND INSPECTION**

The Purchasing Agent shall be responsible for the receipt, inspection and acceptance or rejection of incoming supplies and equipment.

**SECTION VII: PAYMENT**

All invoices shall be submitted by the Purchasing Agent to the Treasurer's Office and will include:

1. Cost of goods and services incurred before June 30<sup>th</sup> shall be submitted to the Treasurer's Office and shall be expensed to that fiscal year due to the Town of Charlotte's Modified Accrual Accounting System.
2. A duly executed IRS Form W-9 upon procurement of services. No payment will be made until an IRS Form W-9 is received.

**SECTION VIII: GIFTS AND GRATUITIES**

Town officials and employees are expressly prohibited from soliciting or personally accepting any rebate, money, entertainment, gift or gratuity worth more than \$25.00 from any person, company, firm or corporation to which a purchase agreement or service agreement is, or might be, awarded. The Selectboard may terminate an agreement if said agreement was awarded due to consideration of the personal interests of the Purchasing Agent over the interests of the Town. The Town may also take disciplinary action, including dismissal, against a Town employee who solicits gifts or gratuities.

**SECTION IX: CERTIFICATE OF INSURANCE**

The Town of Charlotte requires all vendors that provide personal services, i.e. labor for the Town to provide a valid certificate of Insurance that names the Town as an additionally insured. Minimally, the Town requires \$ 500,000 per incident and \$ 1,000,000 overall coverage. Higher limits may be required by the Selectboard, or Designee for high hazard exposures (for example, fireworks displays). The Certificate of Insurance shall be valid for a period of time the successful bidder is performing the work. Besides informing vendors of the Town's insurance requirements, it is not necessary to confirm insurance coverage when soliciting quotes or bids. Certificates are required before any work can be performed.

Any sole proprietor(no employees) hired shall be required to sign a Non-Employee Work Agreement and will be required to sign a Hold Harmless Agreement or provide a Certificate of Insurance for Workers' Compensation. Contractors with employees will need to provide a Certificate of Insurance for Workers' Compensation

If the insurance requirements of this Policy cannot be met, the Town's insurer will be contacted to determine the appropriate insurance coverage documents.

224 The foregoing Policy is hereby adopted by the Selectboard of the Town of Charlotte, Vermont, this ##<sup>th</sup> day of  
225 #####, 2015 and is effective as of this date until amended or repealed.

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Chairperson

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