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**PURPOSE AND SCOPE**

This policy provides guidance to employees when purchasing materials, supplies, equipment or services. Adherence to this policy will not only provide a uniform system, but also ensure that the maximum value of public funds will be fully realized regarding procurement. It is the policy of the City to promote courtesy, fairness, impartiality, integrity, service, professionalism, economy, and government by law in the procurement process. The responsibility for implementing this policy rests with each individual who participates in the procurement process, including employees and other agents of the City, respondents and contractors.

**DEFINITIONS**

*Competitive Selection:* A process that involves carefully examining the suitability and capability, including the technical and professional qualifications, of contractors, suppliers, or vendors. The competitive selection process also involves gathering, reviewing, and comparing quotations from different providers and determining which provider would be the most economical and feasible for the City.

*Professional Services:* A service requiring specialized knowledge and skill usually of a mental or intellectual nature and usually requiring a license, certification, or registration.

*Public Competitive Bidding:* Procurement method in which bids from competing contractors, suppliers, or vendors are invited by publishing (in one or more newspapers or trade journals of general circulation, and on the City website) an advertisement of the scope, specifications, and terms and conditions of the proposed contract as well as the criteria by which the bids will be evaluated (other organizations, such as recognized purchase cooperatives, may complete this service on behalf of the City in order to fulfill the requirements of this process). In public competitive bidding (also called open competitive bidding), with notice the sealed bids are opened in full view of all who may wish to witness the bid opening. The contract shall be awarded to the lowest responsible bidder, but City Council may reject any or all bids for any cause if deemed advantageous to the City.

*Request for Proposal (RFP):* A document used in procurement procedures through which a company or organization announces that funding is available for a particular project or program, and companies can place bids for the project's completion.

*Request for Qualification (RFQ):* A document used to solicit companies or organizations based on their expertise, qualifications, skills and knowledge.

**APPLICABILITY**

This policy applies to all City Officials and employees including, but not limited to, full time, part time, and intermittent / seasonal / special employees.

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**GENERAL GUIDELINES**

Employees responsible for the expenditure of public funds have a responsibility to ensure that their conduct will not violate the public trust placed in them. They must make certain that their conduct does not raise suspicion or give the appearance that they are in violation of that public trust. Employees and agents of the City having responsibility for procurement at all levels shall:

- Encourage competition, prevent favoritism, and obtain the best value in the interest of the City and the public.
- Place professional responsibilities above personal interests.
- Ensure fair, competitive access to City procurement opportunities.
- Deal with the public and contractors with courtesy, consideration, and even-handedness.
- Use information gained confidentially in the performance of City duties solely in the City’s interest.
- Disclose any potential conflict of interest to their supervisor and the City Manager and, if required, to the City’s Ethics Commission or the Delaware Public Integrity Commission.
- Recuse themselves from any specific procurement for which there is a conflict.

**Public Competitive Bidding**

Scoring procedures for Request for Proposals or Request for Qualifications will be established, identified, and made available prior to an RFP or RFQ publish date. Qualifications will be established and identified in the RFP and/or RFQ. Prior to publishing or distributing any RFP or RFQ, an electronic copy of all documents will be provided to the City Clerk’s Office. Public competitive bids are to be mailed or delivered to the Office of the City Clerk on or before the established deadline in accordance with the published bid procedure, RFP or RFQ.

**Local Purchasing**

City personnel should strive to ensure that local vendors who have goods or services which the City is in need of are included in the competitive shopping process. Whenever possible, purchases should be made from local vendors from the Milford area provided they are competitive and economical.

**Planning**

The process of planning for purchases should begin with the annual budget. Planning for purchases should be conducted on both a long-term and short-term basis. Small orders and last-minute purchases should be minimized, thus increasing the capacity of each department to purchase goods and services in large quantities to obtain the maximum discounts available.

**Costs to Include**

When determining which cost threshold applies, include costs such as freight and installation, deductions for trade-ins, taxes, support fees, training, etc. If a project is to be completed in phases, the total accumulated cost for all phases should be considered.

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## **SPECIAL PURCHASING PROCEDURES**

### **Sole Source Procurement**

Sole source procurement will not be used unless sufficient evidence can be documented that no other type of material or service will satisfy the City's requirements. Sole source procurement shall be avoided unless no reasonable alternative sources exist.

### **Request for Quotations**

Departments may choose to request quotations to obtain price quotes for materials or services. Requests for quotations in no way bind the City to the purchase of items included, however, they are utilized as a purchasing tool to efficiently and accurately relay City needs to vendors and obtain the costs associated.

### **Emergency Purchases**

Emergency purchases are sudden, unexpected occurrences that pose a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or the public peace. Purchases of less than \$1,000 must be reviewed with the Department Director. Emergency purchases of more than \$1,000 must be reviewed by the City Manager or designee.

### **Petty Cash**

Petty cash funds may be used to avoid the time and expense of issuing purchase orders for small purchases. The amount of each petty cash bank will be determined by the Finance Director. The petty cash bank is intended to reimburse employees for smaller purchases approved by Department Directors. In order to obtain reimbursement, employees must present a petty cash voucher and the purchase receipt.


### **Blanket Purchase Orders**

Blanket purchase orders may be used for vendors from whom many routine purchases are made. The Finance Director shall determine for which vendors blanket orders will be issued. A list of vendors and account numbers are distributed to each department.

### **Credit Card Use**

Credit cards are for City business use only. Personal use of the credit card is prohibited. City credit cards will be issued on an as needed basis with the approval of the respective Appointing Authority and Finance Director, based on the recommendation of the Department Director, if applicable. The Finance Director will also set credit limits. Credit cards are to be protected by the employee from loss, theft or misuse. If the card is lost or stolen, call the credit card company immediately and notify the Finance Director as soon as possible. The Finance Director reserves the right to revoke an employee's credit card after failing to provide receipts for credit card purchases in a timely manner.

### **Business Travel Arrangements**

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The City’s goal is to allow for travel arrangements that help conserve public funds, while adequately providing for safe travel in a civilized manner. The act of budgeting for travel does not automatically confer approval to travel. It is the responsibility of Department Director to review the reason for travel and ensure that employees are provided with accurate reimbursement for estimated costs for travel. It is also the responsibility of both the traveler and the Department Director to make wise decisions regarding the travel plans so that we are good stewards of the funds being requested for travel. The approval of the respective Appointing Authority is required for any overnight travel for educational/professional conferences or seminars. The approval of an employee’s Supervisor is required for any conferences or seminars that require out of state travel. Travel Request Forms detailing the planned benefits of the travel and the anticipated costs of the travel shall be completed and submitted prior to registration and/or purchase of tickets. Following the completion of any training, applicable documentation should be provided to the Human Resources Administrator.

**PURCHASE REQUISITIONS AND PURCHASE ORDERS**

**Purchase Requisitions**

The purchase requisition establishes the need and provides justification of any equipment or services by each department of the municipality. The purchase requisition should be completed in its entirety to include specific and detailed information such as the reason, justification, supplier, quantity, specification, account code for funding, vendor number when applicable, shipping details, and pricing.

**Purchase Orders**

A purchase order is an official and binding City of Milford contract/order for equipment or supplies. It is only authorized following full approval of a requisition and before the expenditure of any funds, unless identified as an emergency purchase described above. The purchase order will reflect information derived from the purchase requisition and authorizes the vendor to proceed with the provision of items or services outlined.


**No Purchase Splitting**

Requirements for an aggregate purchase shall not be broken down into several purchases that are less than the applicable threshold merely to permit the use of simplified acquisition procedures or to avoid any requirement that applies to purchases exceeding the threshold.

**Purchase Order Approval Requirements**

For purchases of equipment, capital improvements, materials, supplies, parts and any materials/parts/supply contracts:

- \$1,000 or less – Prior approval of purchase orders is NOT required. Submit requisition to Division Superintendent (when applicable) for review and approval (subject to individual departments using lower thresholds).

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- \$1,001 - \$4,999 – Submit requisition to Division Superintendent (when applicable) and Department Director for prior review and approval. A purchase order must then be completed and approved before completing the purchase.
- \$5,000 - \$49,999 – Submit requisition to Division Superintendent (when applicable), Department Director and respective Appointing Authority for prior review and approval. A purchase order must then be completed and approved before completing the purchase.
- \$50,000 and up – Requires City Council approval prior to the respective Appointing Authority approval of the purchase order. Submit requisition to Division Superintendent (when applicable), Department Director and respective Appointing Authority for review and to be placed on a City Council agenda.

**CAPITAL IMPROVEMENTS AND RELATED PROFESSIONAL SERVICES**

All procurements for capital improvements and related professional services shall be awarded in accordance with the requirements of the Charter and Delaware Code.

According to the City of Milford Charter, public competitive bidding shall not be required under any of the following circumstances:

1. A contract for any service to be rendered by the State of Delaware or any political subdivision thereof.
2. A contract for professional services.
3. A contract which is less than \$50,000. Such a contract shall not be for a portion of a project or proposal that would otherwise require bidding. The aggregate amount shall not exceed \$50,000.

Additionally, all real estate purchases require City Council approval.


**PROCUREMENT PROCEDURES AND THRESHOLDS**

**Procurements Up to \$5,000:**

Procurements falling within this threshold do not require multiple quotations; however, verbal or written quotes are encouraged and should be documented. It is the Department Director’s responsibility to ensure that the procurement is made in a manner consistent with sound business practices and that the City receives the best value for the price paid. Procurements should be viewed on an annual basis when possible and reasonable. If an individual procurement is less than \$5,000, but will be procured again on an ongoing basis, request guidance from the respective Appointing Authority. The City should use Milford businesses whenever possible and economical.

**Procurements of Equipment, Materials, Supplies, Parts and Any Materials/Parts/Supply Contracts and Professional or Non-Professional Contract Services Greater than \$5,000 and Up to \$50,000:**

Procurements falling within this threshold shall be made by competitive selection. The Department Director’s should obtain at least three (3) written quotations/proposals or use a State

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Contract (or other recognized purchase cooperatives) vendor and include quote documentation in the requisition and Purchase Order. In the event that three quotes are not available, the department shall obtain as many quotes/proposals as are reasonably available and documentation must accompany the purchase requisition explaining why three quotes/proposals were not obtained. The City should obtain quotes/proposals from Milford businesses whenever possible and economical.

**Procurements of Equipment, Materials, Supplies, Parts and Any Materials/Parts/Supply Contracts over \$50,000:**

Procurements falling within this threshold must be made by public competitive bidding. Procurements may be solicited from a State Contract (or other recognized purchase cooperatives) vendor if applicable, but in any case, in a manner consistent with sound business practices and that ensures the City receives the best value for the price paid.

**Procurements of Professional Services over \$50,000:**

Procurements falling within this threshold are recommended to be made by competitive selection to the extent that it is practicable and advantageous to the City, but in any case, in a manner consistent with sound business practices and that ensures the City receives the best value and service. The respective Appointing Authority may grant an exception upon written recommendation by the Department Director that competitive selection is not practicable or advantageous to the City. A copy of said exception shall be kept in the City Clerk’s Office and a copy shall be forwarded to the Finance Director. City Council ratification is required for purchases within this category.

**EQUIPMENT INSURANCE**


Any licensed or registered piece of equipment and any non-licensed equipment over \$5,000 must be added to the City’s insurance policy. The City Clerk’s Office shall be notified of asset purchases meeting these requirements and add them to the City’s insurance policy.

**COMPLIANCE WITH DELAWARE LAW**

The procurement process shall be from time to time reviewed to verify compliance with Delaware Law. If there are any questions or concerns with the methods or policies set forth herein, a request should be made to the respective Appointing Authority for a review and opinion of legal compliance.

**PUBLIC RECORDS**

Any and all procurements are public records and thus will be managed in compliance with applicable local, state and federal laws, regulations, and policies including the Delaware Freedom of Information Act (covering Open Meeting Law, Public Records Law), and Public Records retention schedules, Copyright Law and other applicable City policies.

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Any procurements over \$50,000 require all original documentation to be maintained in the City Clerk’s Office. It is the responsibility of the Department Director to ensure the documentation is provided to the City Clerk’s Office.

In accordance with the City Charter, all contracts with the City are to be signed by the Mayor.

**VIOLATIONS**

Employees violating this policy may be subject to disciplinary action in accordance with City policies, departmental operating procedures and/or collective bargaining agreements.

If you have questions regarding appropriate use of this policy, please contact your supervisor, the Human Resources Administrator or your respective Appointing Authority.

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*Appointing Authority Signature*

*Date*

I, \_\_\_\_\_, acknowledge that I have received and read a copy of this policy.

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*Employee Signature*

*Date*