



PURCHASING POLICY

1. INTRODUCTION

This policy is intended to provide the guidance, requirements, and procedures necessary for the conduct of purchasing activities for the Town of Berlin. The policy is designed to:

- a) Encourage maximum competition through fair and equal opportunity to those qualified and interested bidders;
- b) Provide a uniform procedure for the procurement of material, equipment, supplies, and services;
- c) Ensure that the taxpayers are getting the “best overall value” for their dollars;
- d) Promote transparency by requiring additional reporting to the Mayor, Council and the public;
- e) Foster green purchasing that considers materials (including energy and water to manufacture products), production, packaging/distribution, and distance of transport; and
- f) Ensure the purchase of recycled and other environmentally preferable products whenever practicable.

2. PURCHASING PROCEDURES

- a) Purchase orders shall be issued prior to purchase unless:
 - i. the purchase is made by Credit Card, or
 - ii. the purchase is one of the following:
 - 1. Administrative payroll and health care fees
 - 2. Debt related transactions
 - 3. Utility services
 - 4. Oil and gasoline purchases
 - 5. Telephone and internet services
 - 6. Annual fire inspections
 - 7. Employee reimbursements or per diem advances
 - 8. Landfill charges
 - 9. Planning and building inspections
 - 10. Park fee refunds
 - 11. An annual agreement of over \$10,000.01 as approved by motion of the Mayor and Council

12. A specific purchase or contract identified in the detail of a line item of the annual budget and approved with the adoption of the budget
- b) All purchases require prior approval of the Department Director.
 - c) Additional approval authority is required as follows:
 - i. Purchases valued at \$5,000 or less – Department Director
 - ii. Purchases valued at \$5,000.01 to \$10,000 – Town Administrator
 - iii. New purchases¹ or purchases valued at \$10,000.01 and higher – Town Council as indicated below:
 - 1. Approval shall be made publicly during a Regular Meeting of the Mayor and Council; or
 - 2. Approval shall be by poll vote of the Council if purchase is considered an emergency or if other timing factors make approval at a Regular Meeting impractical. If approved by poll vote, such approval shall be announced at the next Regular Meeting of the Mayor and Council.
 - d) Blanket purchase orders should be used for contracts related to professional services and construction, as well as recurring purchases from the same vendor.
 - e) Town issued credit cards are:
 - i. Limited to the following positions:
 - 1. Town Administrator
 - 2. Department Directors
 - 3. Superintendents, with the approval of the Department Director
 - 4. Administrative Assistant in Town Hall
 - ii. Subject to the following financial limits:
 - 1. Town Administrator - \$10,000
 - 2. Department Directors - \$5,000
 - 3. Superintendents and designated Administrative Assistant(s) - \$1,000
 - iii. Encouraged for purchases under \$500.
 - f) Sustainability factors for incorporation when writing specifications for, or procuring, materials, products, or services.
 - i. Environmental factors to consider include: toxicity, waste generation, greenhouse gas emissions, energy consumption, and depletion of natural resources.

¹ The Town recognizes the following categories of expenditures: routine, ongoing operations, emergency, budgeted purchases and new purchases. New purchases are considered goods or services that have not been purchased before and do not hinder the Town's ability to deliver services to citizens or hinder day to day operations. Based on this definition, new purchases made by the Town in the past several years would be limited to the Power Town display.

- ii. Social factors to consider are human health impacts, use of local businesses, and use of State of MD Minority, Women, and Emerging Small Businesses.
- iii. Fiscal factors include: use reduction (buy only what you really need), product performance and quality, life cycle cost assessment, leveraging buying power, and long term financial/market changes.
- iv. Some of the factors considered when determining the “best overall value” are:
 - Price
 - Quality
 - Warranty
 - Service
 - Availability
 - Past Performance with Town of Berlin
 - References

g) Reports shall be provided as follows:

- i. Staff will provide a weekly check report to the Mayor and Council including the date, name of vendor, PO number, description of the purchase and amount.
- ii. Staff will provide a check run report for the Mayor and Council’s review as part of the Council meeting packet at least once a month.

V. **COMPETITIVE BIDDING REQUIREMENTS** – The Department Directors are responsible for ensuring that the Town staff members follow best practices that comply with the policies and procedures. The Town Administrator shall be responsible for dissemination and enforcement of the policy as well as its incorporation into routine training sessions.

- a. **Under \$1,000:** Department Directors are encouraged to do whatever is practical to secure competitive pricing from multiple sources.
- b. **Between \$1,000 and \$5,000:** Quotes should be attached to the purchase order.
- c. **Between \$5,000.01 and \$10,000:** Informal bids from at least three sources must be obtained. Bids should be documented by written quotations from vendors. This documentation should be attached to the purchase order.
- d. **Over \$10,000:** The formal sealed bid is used for major purchases. An invitation to bid must be publicly advertised in the legal paper of record at least fourteen (14) days prior to the date set for opening. Bid specifications require the

approval of the Town Administrator. Formal bids must be received, in sealed envelopes by a posted deadline. Original signatures are required; email submissions are not allowed.

All bids shall be opened publicly at a date, time and place designated in the bid request. The appropriate Department Head, or their designee shall open all bids with at least one other member of staff or other representative (such as an independent consultant) present, at which time the submitting bidders' names and bid amounts shall be read aloud and recorded. Late bids will not be accepted.

If at least three bids are not received the Town Administrator may require a re-bid.

An invitation to bid, request for proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, when it is in the best interest of the Town. For example, the Town will not consider bids from a vendor who has an overdue balance on a Town account. The reason for the rejection shall be made part of the formal bid file.

The Town at any time, in its discretion, may employ its own forces for the construction or reconstruction of public improvements without advertising for or re-advertising for or receiving bids.

Upon obtaining the prior approval of the Council, the Town, acting through the Mayor and Town Administrator may enter into the following contracts without solicitation of competitive bids:

1. Contracts of lease or purchase of real estate.
2. Contracts of lease or purchase of motor vehicles.
3. Accounting service contracts.
4. Insurance contracts.
5. Architectural services contracts.
6. Engineering services contracts.
7. Surveying services contracts.
8. Legal services contracts.
9. Computer hardware and software contracts.
10. Interior design and decorating contracts.

VI. PROFESSIONAL SERVICE CONTRACTS

The Request for Proposal (RFP) or Request for Qualifications (RFQ) process is used. The proposal includes a scope of work and a cost proposal.

The RFP/RFQ must be:

- Approved by the Town Administrator,
- In writing and
- Posted in the Town's official posting place, and publicly advertised in the legal paper of record at least fourteen (14) days prior to the date set for opening.

Proposals shall be opened publicly at a date, time and place designated in the bid request. The appropriate Department Head, or their designee shall open all proposals with at least one other member of staff or other representative (such as an independent consultant) present, at which time the submitting proposers' names shall be read aloud and recorded. The proposals shall be analyzed (based upon the "best overall value" to the Town) and documented including staff recommendation. Award shall be made by the Town Administrator or the Town Council based on the dollar limits described in this policy.

VII. PUBLIC AUCTION

With the approval of the Town Administrator, purchases may be made through public auction. The Department must provide to the Town Administrator in writing, quotes from like products in order to provide a realistic price comparison. Upon receiving this information, and verifying budget availability, written authorization indicating the amount "not to exceed" may be granted allowing the department head or their designee to attend the auction and bid on that particular product.

If a purchase is made through a public auction, all documentation must be retained and submitted to the Finance Department.

VIII. EMERGENCY PROCUREMENTS

Emergency procurements may be made when a threat exists to public health, welfare or safety, provided that such emergency procurement shall be made with such competition as is practical under the circumstances.

In case of an emergency requiring immediate purchase of materials, supplies, equipment or services, the Town Administrator hereby authorizes the Department Heads to approve such emergency purchase if the situation permits. The Town Administrator shall be notified as soon as possible as to the emergency and the associated purchases. A written determination for the basis of the emergency and for the selection of the particular contractor or vendor shall accompany the purchase order. As soon as is practicable, standard purchasing procedures will be reinstated.

IX. ARTIFICIAL DIVISION PROHIBITED

Purchases shall not be artificially divided so as to create lower purchase amounts and therefore avoid some requirements of this policy. Whether or not a proposed

purchase constitutes artificial division shall be determined by the Town Administrator.

X. EXCEPTIONS

Exceptions to the policy will be determined on a case-by-case basis by the Town Administrator.

XI. ETHICS IN PUBLIC PURCHASING AND CONTRACTING

All purchases and contracts are subject to the Town's Code of Ethics.

XII. PURCHASING FROM VENDORS/OTHERS IN ARREARS

In addition to bids not being accepted from vendors or others whose accounts with the Town are overdue, general, purchases shall not be made from vendors or others whose payable accounts with the Town are in arrears. This can include, but is not necessarily limited to: A) Utilities; B) Real or Personal Property Taxes (including those collected by others on behalf of the Town); Trash Collection; D) Other miscellaneous payables.

APPENDIX A: DEFINITIONS

“Environmentally Preferable”: products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. This comparison may consider raw materials acquisition, production, manufacturing, packaging, distribution, reuse, operation, maintenance, or disposal of the product or service.

“Life Cycle Cost Assessment (LCCA)”: the comprehensive accounting of the total cost of ownership, including initial costs, energy and operational costs, longevity and efficacy of service, and disposal costs.

“Toxicity”: the quality, relative degree, or specific degree of being toxic or poisonous.