



City of Aberdeen
PROCUREMENT POLICY
Purchasing Guidelines

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Table of Contents

- PURPOSE.....3
- OBJECTIVES3
- SCOPE3
- COST THRESHOLDS3
- USE ANTICIPATED COST4
- NO BID SPLITTING4
- NO PURCHASE SPLITTING4
- COSTS TO INCLUDE4
 - INCLUDE TOTAL QUANTITY NEEDED4
 - MULTIPHASE PROGRAMS.....4
- TYPES OF PURCHASING TRANSACTIONS4
- PURCHASING AUTHORITY.....5
- PURCHASING GUIDELINES5
 - Vendor relations.....5
 - Local preference.....5
 - Multi-year contracts.....6
- PURCHASING AND PAYMENT6
 - Purchase Orders.....6
 - Purchase Order Requirements7
- PROCUREMENT PROCEDURES7
 - For goods and services NOT related to construction:7
 - For goods and services related to construction:8
- FORMAL BID PROCESS8
 - Exceptions10
- CANCELLATIONS11
- WRITTEN CERTIFICATION.....12
- TERMS.....12
- RECYCLING OR COMPOST12
- RECEIVING OF GOODS/EQUIPMENT.....13

PURPOSE

This document is intended to direct the purchase of goods and services in a timely manner and at a reasonable cost. An open, fair, documented, and competitive process is to be used whenever reasonable and possible. The purchasing function's integrity, efficiency, and effectiveness are critical elements of sound government.

OBJECTIVES

The objectives of the City's purchasing program are as follows:

- To provide a uniform system to obtain supplies, materials, equipment, and services in an efficient and timely manner;
- To facilitate responsibility and accountability with the use of City resources;
- To ensure equal opportunity and competition among suppliers and contractors;
- To promote effective relationships and clear communication between the City and its suppliers and contractors;
- To comply with the comprehensive State procurement statutes which govern expenditures of public funds;
- To obtain the maximum benefit from every tax dollar spent.

SCOPE

These guidelines apply to the purchases of

- Supplies, materials, and equipment
- Professional services (Construction and Non-Construction)
- Non-professional services
- Public works projects

COST THRESHOLDS

The following summarized thresholds apply to requisitions and purchase orders:

- Up to \$5,000 (*Non-construction*) – No competitive pricing at the Buyer's discretion
- \$5,001-10,000 (*Non-construction*) – At least two written or oral quotes
- \$10,001-25,000 (*Non-construction*) – At least three written quotes
- \$25,001 and greater (*Non-construction*) – Formal competitive bidding (Advertised) process, as well as advertisement on eMaryland Marketplace or any other web based e-Procurement alternative the City deems fit
- Construction up to \$50,000 – At least three written quotes
- Construction greater than \$50,000 – Formal competitive bidding (Advertised) process

USE ANTICIPATED COST

The anticipated annual need for a good or service (when it can reasonably be projected) shall be used to determine the cost of that good or service, and thus which contract approval level, cost threshold, and other related purchasing requirements apply.

NO BID SPLITTING

Requirements shall not be divided to come up with a lower total cost to avoid contract approval levels or competition requirements. If one item being purchased requires another item to “make a whole”, the total accumulated costs of the two items (when they can reasonably be projected) should be considered together to determine which approval level and cost threshold apply, unless the two items are not available from a single supplier.

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 a threshold.

COSTS TO INCLUDE

Include costs such as freight, and installation charges when determining which cost threshold applies. Do not include the value of a trade-in. (Trade-in value should be considered, however, to determine the lowest bid when competitive bidding is used.)

INCLUDE TOTAL QUANTITY NEEDED

Requirements for the total quantity of an item (when they can reasonably be projected) should be considered when determining which cost threshold and related purchasing requirements apply.

MULTIPHASE PROGRAMS

If a project is to be completed in phases, the total accumulated cost for all phases should be considered when determining which cost threshold applies.

TYPES OF PURCHASING TRANSACTIONS

There are many types of purchasing transactions in the City. This policy relates primarily to the ones below:

- **Goods:** Goods include tangible goods, supplies, equipment, vehicles, materials, printing, and insurance. If goods and services are combined in one contract, the requirements for a general services contract apply.
- **Services:**
 - General services
 - Professional services contracts
- **Public works contracts:** Infrastructure projects, financed and constructed by the government, for recreational, employment, and health and safety uses in the community.

PURCHASING AUTHORITY

The City Manager is authorized to enter into and sign on behalf of the city for contract types listed below, except where approval of the City Council is required, in which case the Mayor shall be the signatory on the contract. At the discretion of the City Manager, any contract may be submitted to the City Council for its approval.

- **Goods and services contracts.** A purchase or contract for goods or services if funds have been approved and appropriated in the budget by the City Council. The City Manager may enter into change orders or amendments, which cumulatively do not exceed 20% of the original contract price.
- **Professional services contracts.** A purchase or contract for professional services if funds have been approved and appropriated by the City Council in the budget. The City Manager may also enter into change orders or amendments, which cumulatively do not exceed 20% of the original contract price.
 - Professional services will include all telephone, gas, water, sewer, surveying, inspection, engineering, construction management, electric light and power service; towel and cleaning service; insurance; leases for all grounds, buildings, offices or other space required by the using agencies; and the rental, repair or maintenance of equipment, machinery and other city owned personal property. The term shall include professional and other contractual services which are in their nature unique and not governed by this policy.
 - If applicable, the City will advertise for letters of interest and statement of qualifications for any proposed project.
 - If applicable, the Review Committee will review and evaluate letters of interest, statements of qualification and appropriate forms.

The City Manager is authorized to sign contracts for goods or services if funds have been approved and appropriated by the City Council in the budget.

If funds have not been appropriated in the budget, City Council approval must be obtained.

PURCHASING GUIDELINES

Vendor relations

City employees will conduct all purchasing functions in a professional manner and shall promote equal opportunity and fairness in all vendor relations.

Ethics and standards of behavior: All purchasing functions shall be conducted impartially to assure fair competitive access by responsible vendors. In addition, public employees should conduct themselves in a manner that will foster public confidence in the procurement process.

Local preference.

Purchasing goods and services from local vendors is desired because it stimulates the local economy and recognizes that our local vendors are valued members of the community. If factors such as quality, previous performance, and availability are equal among vendors, a vendor whose business is located in

the City of Aberdeen should be actively considered for award of a contract if their quote or bid is within 5% of the low bid.

Multi-year contracts

A contract for supplies or services may be entered into for any period of time deemed to be in the best interest of the City, provided the term of the contract and renewal provisions are included in the original solicitation process. Adequate funds must be available to fulfill the first fiscal year's obligation at the time of contract executions. Subsequent years appropriations are subject to authorization by the City Council and availability and appropriation of funds.

Minority Business Enterprise/Small Business Enterprise

If at all feasible, the Procurement Officer shall solicit bids or offers from certified minority and small business enterprises. The Maryland Department of Transportation (MDOT) administers the certification programs for both the State of Maryland Minority Business Enterprise (MBE) Program, as well as the Federal Disadvantaged Business Enterprise (DBE) Program. Maryland has a combined comprehensive certification program to ensure that only those businesses owned and controlled by socially and economically disadvantaged individuals participate in both programs. Details and a directory of certified firms can be accessed on the MDOT website.

PURCHASING AND PAYMENT

Purchase Orders

- 1) [Purchase orders](#) (PO) represent a commitment related to unperformed contracts for goods and services between a city department and a vendor. When a PO is executed, the Accounts Payable Technician enters the information into the accounting system and creates an "encumbrance" against the line-item budget identified in the PO.

The use of encumbrance accounting is a critical element of budgetary control in governmental accounting systems and serves three distinct purposes:

- a. Provides a written contract between the City of Aberdeen and a vendor.
 - b. Decreases the available budget by an amount equal to the PO. This procedure lessens the chance of overspending a line-item budget.
 - c. At the end of the fiscal year, unexpended encumbrances are added to the next fiscal year's line item budget so that sufficient budget is available to meet the prior fiscal year's commitments. Encumbrances without any activity for a period of one year will be released at the end of the fiscal year (with prior departmental notification).
- 2) A Purchase E-requisition is needed under the following circumstances:
 - a. Professional service contracts
 - b. Equipment purchases
 - c. Monthly maintenance contracts
 - d. Public Works contracts
 - 3) Preparing purchase orders is the responsibility of the Procurement Officer. Before a PO is generated, an approved Purchase E-requisition is needed. The E-requisition provides the relevant information required to prepare the PO.

- 4) When an invoice is received against a PO, indicate the PO number on the invoice. This action will ensure the invoice payment will be deducted from the outstanding encumbrance associated with the PO.
- 5) Emergency Purchases:
 - a. If the request is for a project that was not included in the approved budget, attach a copy of the City Council approval. Include the account that should be encumbered.
 - b. If funding needs to be transferred from one or more accounts, indicate the account where expenditures were originally budgeted. Finance will prepare the budget revision form to transfer the funds at the same time the purchase order is prepared.

Purchase Order Requirements

- \$1,000 or less – Purchase orders are NOT required. The Department Supervisor must approve the purchase, initial, and note account number directly on the invoice.
- \$1,001 - \$5,000 – Require Department Supervisor and Department Head pre-approval and signature.
- \$5,001 and up – Require Department Supervisor, Department Head, and City Manager’s pre-approval and signature.

Regular and recurring purchases that exceed the \$1,000 purchase order threshold may be submitted for review by submitting an E-requisition with justification to the Procurement Officer and Director of Finance. If approved, these purchases will be allowed for requests that total \$3,000 or less.

A blanket purchase order, not to exceed the appropriated annual amount, may be generated for recurring expenses, such as but not limited to office supplies for the fiscal year. Once the line items are identified, the Purchase Order will route through the approval process. This process will require Supervisor, Department and City Manager approval based on the dollar amount.

PROCUREMENT PROCEDURES

For goods and services NOT related to construction:

- All requests for purchases up to \$5,000 may be obtained without competitive prices if the Finance Department determines the price to be fair and reasonable. In the event the Finance Department deems the price to be excessive, it may require the use of oral quotations from suppliers.
- For a procurement between \$5,000 and \$10,000; City shall seek written or oral quotations from no fewer than two entities providing the required supplies or services. The Procurement Officer shall record the names and addresses of all the entities from whom quotations were sought, the names of the persons submitting quotations and the date and the amount of each quotation. The Procurement Officer shall award the contract to the responsive and responsible entity offering the needed quality, quantity, delivery and performance of the supply or services at the lowest quotation. Contract award is contingent upon funds approval and availability as well as the need for council approval.
- For a procurement between \$10,001 and \$25,000; the City shall seek written quotations from no fewer than three entities if at all feasible, providing the required supplies or services. The Procurement Officer shall record the names and addresses of all the entities from whom

quotations were sought, the names of the persons submitting quotations and the date and the amount of each quotation. The Procurement Officer shall award the contract to the responsive and responsible entity offering the needed quality, quantity, delivery and performance of the supply or services at the lowest quotation.

- For a procurement exceeding \$25,000, the City shall use a formal competitive bid/proposal process as detailed in the section titled "[Formal Bid Process](#)" below.

For goods and services related to construction:

For a construction procurement less than \$50,000; the Procurement Officer shall seek written (formal) quotations from no fewer than three entities providing the required supplies or services. The Procurement Officer shall record the names and addresses of all the entities from whom quotations were sought, the names of the persons submitting quotations and the date and the amount of each quotation. The Procurement Officer shall award the contract to the responsive and responsible entity offering the needed quality, quantity, delivery and performance of the supply or services at the lowest quotation.

For purposes of this document, construction means the process of building, altering, improving, or demolishing any structure, building, or other improvement to real property.

Construction DOES NOT include the maintenance or routine operation of an existing improvement to real property.

For a procurement over \$50,000, the City shall use a formal competitive bid/proposal process as detailed in the section titled "[Formal Bid Process](#)"

FORMAL BID PROCESS

The Procurement Officer shall issue an invitation for bids (IFB) or request for proposals (RFP) which shall include:

- Where, when, and for how long invitations for bids may be obtained;
- The time and date for receipt of bids/proposals, the address of the office to which bids are to be delivered, the closing date for acceptance of bids by the City, and the date of bid opening;
- A description of the item(s) or service(s) required and all evaluation criteria that will be utilized in the decision making process;
- All applicable contractual terms and conditions;
- A public notice of the invitation for bids that shall:
 - Include the time and date for receipt of bids, the address of the office to which bids are to be delivered, the maximum time for bid acceptance by the City of Aberdeen,
 - Indicate where, when and how invitations for bids may be obtained,
 - Describe the supply or service desired and all evaluation criteria to be utilized,
 - State if approval is subject to any board, committee or Council,
 - Contain a disclaimer reserving the right to reject any and/or all bids and waive irregularities and noncompliance with bid solicitation requirements,
 - Reserve the right to seek clarification of bids and to negotiate a best and final price for one or more bids,
 - Remain posted for at least two weeks in a conspicuous place and the City's website,

- Be published for a minimum of two weeks prior to the time specified for the receipt of bids in a newspaper of general circulation,
- Be posted on the City's website and eMaryland Marketplace (eMM) or other e-Procurement site for a minimum of two weeks.

The invitation for bids may incorporate documents by reference; provided, however, that the invitation for bids specifies where prospective bidders may obtain the documents. The Procurement Officer shall make copies of the invitation for bids available to all persons on an equal basis.

The Procurement Officer shall give public notice of the invitation for bids a reasonable time prior to the date for the opening bids.

- The invitation for bids, requests for proposals, or other solicitations for a term exceeding one year, including a renewal, shall state:
 - The amount of supplies or services required for the proposed contract period, and whether such amount is an estimate or the actual amount required,
 - That the bidder shall give a unit price for each supply or service, and that the unit price shall remain constant throughout the contract, or if the contract allows for price adjustments, and if so, how,
 - When a contract contains an option for renewal or extension, the solicitation shall include notice of the provision, including the discretion of exercising the option. The City shall not exercise an option for renewal, extension or purchase unless the Procurement Officer, after reasonable investigation of costs and benefits, has determined in writing that the exercise of the option is more advantageous than alternate means of procuring comparable supplies or services.
- The Procurement Officer or designee shall open the bids publicly at the time and place advertised in the solicitation. There will be no less than three (2) witnesses during bid opening. In addition to the Procurement Officer, one (1) other responsible party will be on site. This will likely be the Department Head/designee that is making the purchase. This group will be known as the Review Committee.
- A statement listing the bidders, amounts of bids and attendees of the bid opening shall be filed with the contract.
- A formal bid opening is not required for a request for proposal (RFP), but all responses shall be documented and reviewed to determine if they meet the requirements for consideration. Proposals not meeting the requirements shall be returned to the responder.

The Procurement Officer and/or Review Committee shall evaluate bids and proposals based solely on the requirements and criteria set forth in the IFB or RFP. Such criteria shall include the standards by which the Procurement Officer will determine acceptability as to quality, workmanship, results of inspections and tests, the suitability for a particular purpose and delivery. The City Manager shall award the contract to the bidder whose bid is determined to be in the best interests of the City. A contract requiring payment to the City shall be awarded to the highest responsible and responsive bidder.

The Procurement Officer and/or Review Committee shall evaluate bids and proposals based solely on the requirements and criteria set forth in the request for proposals (RFP). Such criteria may include: company experience, personnel expertise, project understanding, comparable project experience, technical approach, availability, estimated timeline, proposed cost and other established requirements. The City

Manager shall award the contract to the responsible and responsive bidder offering the best value based on the evaluation of technical and cost proposals.

The Procurement Officer shall unconditionally accept a bid without alteration or correction, except as provided in this paragraph. A bidder may correct, modify, or withdraw a bid by written notice prior to the time and date set forth in the bid document. A mistake can be corrected subsequent to the opening only if the intent of the mistake is clearly evident and the Procurement Officer is in agreement. After bid opening, a bidder may not change the price or any other provision of the bid in a manner prejudicial to the interests of the City of Aberdeen or fair competition. The Procurement Officer shall waive minor informalities or allow the bidder to correct them. If a mistake and the intended bid are clearly evident on the face of the bid document, the Procurement Officer shall correct the mistake to reflect the intended correct bid and so notify the bidder in writing, and the bidder may not withdraw the bid. A bidder may withdraw a bid if a mistake is clearly evident on the face of the bid document but the intended correct bid is not similarly evident.

The City Manager shall award the contract by written notice to the successful bidder within the time for acceptance as specified in the invitation for bids. The time for acceptance may be extended up to 45 days by mutual agreement between the City of Aberdeen and the apparent successful bidder.

If the City Manager awards the contract to an offeror who did not submit the lowest price, the City Manager shall explain the reasons for the award in writing, specifying in reasonable detail the basis for determining that the quality of supplies or services under the contract will not exceed the City of Aberdeen's actual needs.

Exceptions

- For sole source; the City Manager may award a contract without competition when, after reasonable investigation, the City Manager, in concert with the Procurement Officer and appropriate department head determines in writing that only one practicable source for the required supply or service exists, except that this does not include construction, or when a particular vendor provides unique services or has industry experience or expertise that other vendors do not possess.

The Procurement Officer shall record all sole source procurements specifying each contractor's name, the amount and type of each contract, a listing of supplies or services procured under each contract and the basis of determination that the contractor was the only practicable source for the required supply or service.

If only one responsive bid or acceptable offer is received in response to a solicitation, an award may be made to the bidder or offeror if the Procurement Officer determines that the price submitted is fair and reasonable, and that the other vendors had a reasonable opportunity to respond.

The Procurement Officer may procure without competition from a regulated industry i.e. gas, electricity, sewer, or telephone if the Procurement Officer certifies in writing that only one practicable source exists.

- **For Emergency;** whenever the time required to comply with procurement requirements would endanger the health or safety of people or property, the City Manager may make an emergency procurement. An emergency procurement shall be limited to only supplies or services necessary to meet the emergency and shall conform to this procurement policy to the extent practicable under the circumstances.

The Procurement Officer shall record all emergency procurements specifying each contractor's name, the amount, and type of each contract, a listing of supplies or services procured under each emergency contract and the basis of determination of the need for an emergency contract.

The Procurement Officer shall submit a copy of this record at the earliest possible time to the Mayor, City Manager, Council, Director of Finance, and City Clerk.

- **For the Public Good;** whenever the time required to comply with procurement requirements would not otherwise benefit the public good, the City Manager may make a procurement. Procurement under this exemption shall be limited to only supplies or services necessary to meet this situation, shall conform to the procurement requirements to the extent practicable under the circumstances and be documented for the purpose and basis.
- **Contract Scope Expansion;** whenever additional services or work is required after the completion of an existing contract and it is in the best interest of the City to have continuity on a particular project, a contract scope expansion may be approved by the City Manager if the additional services or work costs the lesser of \$25,000 or twenty-five percent (25%) of the original contract price.
- **Cooperative Purchasing;** whenever additional goods or services are purchased in cooperation with other jurisdictions or are acquired by utilizing ("piggybacking") other jurisdiction's contracts, such as, State of Maryland, Harford County, etc. or regional/national contracts such as Baltimore Region Cooperative Purchasing Committee (BRCPC), U.S. Communities, GSA, etc.
- **Specialized professional services;** The service of attorneys, physicians, CPA's, consultants, or other similar types of professional services that are not normally subject to competitive bidding, shall be engaged by the using agency and approved by the City Manager.
- **Independent Contractors;** whenever City staff is augmented by an independent contractor, the need must be justified and approved by Human Resources and a personnel services contract must be executed.

CANCELLATIONS

The Procurement Officer or designee may cancel an invitation for bids, a request for proposals, or other solicitation, or may reject in whole or in part any and all bids or proposals when the Procurement Officer determines that cancellation or rejection serves the best interests of the City. The Procurement Officer shall state in writing the reason for a cancellation or rejection.

WRITTEN CERTIFICATION

A person submitting a bid or a proposal for the procurement of supplies or services to the City shall certify in writing that he certifies under penalties of perjury that the bid or proposal has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word person shall mean any entity, organization or group of individuals.

TERMS

The City may enter into a contract term of no more than five (5) years, including renewals, for any contract for professional services. The City may enter into a contract for any period of time which serves the best interests of the City, for professional services that include equipment capitalization costs, for bond related purchases or property leases. All leases must be approved as stipulated in the City charter and/or bylaws.

The City may increase the quantity of supplies or services, or both in a contract when;

- The unit price remains the same or is less,
- An increase is necessary to fulfill the actual needs of the government body and is more economical and practical than awarding another contract, the Procurement Officer shall document their findings,
- The parties agree to the increase in writing; and
- The increase in the total contract price does not exceed 25 percent but a contract for the purchase of gasoline, special fuel, fuel oil, road salt or other ice and snow control supplies shall not be subject to this limit; and
- The City, with the agreement of the contractor, may reduce the unit price for supplies or services or both specified in a contract to be paid by the City at any time during the term of the contract or when an option to renew, extend or purchase is exercised.

RECYCLING OR COMPOST

As for contracts for the recycling or composting of solid waste or the treatment, composting or disposal of sewage, septage or sludge authorized under the provisions of this procurement policy, the City of Aberdeen may negotiate modifications and amendments to contracts for;

- (1) recycling services involving the addition of materials to be collected or processed,
- (2) the deletion of materials to be collected or processed,
- (3) the change in specifications with respect to materials to be collected or processed, and
- (4) any price adjustments related to such modifications and amendments, where the contract is for a term of two years, or more, and
- (5) where such changes are based upon changes in market conditions since the commencement of the contract provided:
 - a. after reasonable investigation of costs and benefits, the Procurement Officer has determined in writing that such a modification is in the best interest of the City of Aberdeen, and
 - b. where the modification involves the addition of materials and an increase in price to the City of Aberdeen, the Procurement Officer or Designee has determined in writing that the amendment is more advantageous than alternate means of procuring such services.

RECEIVING OF GOODS/EQUIPMENT

Inspections and testing

The ordering Department shall inspect and/or test all goods upon receipt (or services upon completion), to assure conformance with the specifications set forth in the order. If a product is determined to be unusable, or not what was ordered, the Department shall reject it and return it to the vendor as the vendor directs, and at the vendor's expense, for credit or replacement.

Acceptance

When goods have been received or a project has been completed to the satisfaction of the ordering Department and the specifications, the packing slip, and/or completion documentation shall be signed-off by the employee receiving or inspecting. Information to be noted on the documents must include, at a minimum, the employee's signature and a legible rendering of their name and date of receipt/completion. The employee signing must note on the receiving documents any deviation from the exact ordering specifications.