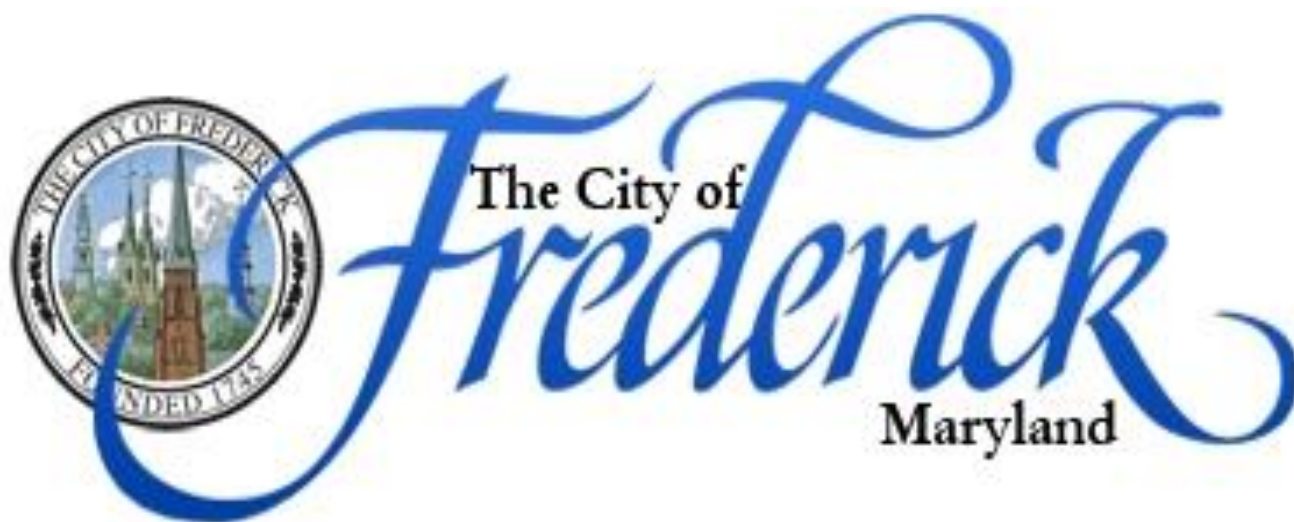


**THE CITY OF FREDERICK
PURCHASING POLICIES AND
PROCEDURES MANUAL**



**Mayor and Board of Aldermen of The City of Frederick
FREDERICK COUNTY, MARYLAND**

**Approved 11/7/13
Resolution No. 13-36**

**PURCHASING POLICIES AND PROCEDURES
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MISSION STATEMENT

The mission of the Purchasing Department is to receive the maximum value for the taxpayer's dollar by obtaining goods and services at the best possible price and quality. In addition, the department strives to provide the highest quality of service to all City staff; conduct all purchasing duties in accordance with all applicable Federal, State and Local laws; to develop mutually beneficial relationships with all vendors; and to ensure that all purchasing personnel conduct their duties with the highest degree of ethical behavior.

FUNCTIONS

Purchasing Department functions include procurement of a variety of commodities and services, preparation of bid documents, facilitation of pre-bid conferences, evaluation of bid responses and the preparation of purchase orders. The department conducts assigned research and develops recommendations of purchasing feasibility and contract placement.

The Purchasing Department also oversees the disposition of surplus; maintains and operates a central supply warehouse of approximately 3,000 items; handles all receiving, delivery/shipping for the City; invoice payment; registration of City vehicles; ordering, receiving and issuance of City uniforms; ordering, receiving and issuance of City cell phones; City-wide petty cash disbursement; maintenance of City fuel system and operation of the City mail facility.

SECTION I – GENERAL INFORMATION

A. INTRODUCTION

The Purchasing Policies and Procedures are designed to explain and facilitate understanding of the functions, policies, and procedures of the Purchasing Department. Additionally, they will serve as a tool in personnel training.

1. Applicability:

Procedures contained herein are applicable to all City personnel involved in the requisitioning, receiving, transferring and replacement of supplies, materials, services and equipment.

2. Responsibility and Functions:

The Purchasing Department is responsible for administering The City of Frederick Purchasing Policies and Procedures as approved by the Mayor and Board of Aldermen; establishing and administering purchasing policies; dealing fairly with all potential sources of supply; obtaining goods and services in an efficient and businesslike manner; consolidating purchases of like or common items; obtaining fair prices for materials, equipment, supplies and services; and generally defining how to effect cost saving and coordinate purchasing and contracting procedures for the City.

The primary function of the Purchasing Department is to purchase supplies, materials, equipment and services required by the City and to ensure that maximum value is achieved for each dollar spent.

Specific responsibilities, duties, and functions include:

a. Policies and Procedures:

Develop purchasing objectives, policies, programs and procedures for the purchase of (and contracting for) all materials, supplies, equipment and services.

b. Representation:

Act as the City's representative on matters pertaining to purchasing and contracts.

c. Specifications:

The Purchasing Department will work with the using department/division to prepare and assemble specifications and technical requirements which are subsequently included in Invitations to Bid, Requests for Proposals, Requests for Expressions of Interest, and/or Requests for Qualifications.

The Purchasing Department will assist the using department/division in ascertaining the appropriate quality, quantity, and kind of materials requisitioned in order to serve the best interests of the City.

d. Standardization:

Work with other departments/divisions to establish standardization of materials, supplies and equipment where practicable within a competitive environment.

e. Vendor Relations:

Promote goodwill between the City and its suppliers. Encourage full and open competition. Assure fair and equitable business dealings with all vendors. All bidders shall be afforded equal opportunity to quote and compete in public bidding.

The City will avoid buying from suppliers who are not financially stable, do not have high ethical standards, and do not have a record of adhering to specifications, maintaining shipping promises, or giving full measure of service.

The City strives to maintain strong and enduring relationships with vendors of proven ability and those who desire to meet our needs. To accomplish this, our purchasing activities are conducted in such a manner that all vendors are treated equally, and awards are always based on specifications, quality, service and price.

In interviews with salespersons, only employees of the Purchasing Department may commit the City to a preference for or purchase of any product or service, or give any information regarding performance or price, which might in any way compromise the City.

All correspondence with suppliers is to be through the Purchasing Department, except in special cases where the technical details involved make it advisable to delegate authority to others. In such cases, the Purchasing Department must receive copies of all correspondence.

All employees must comply with the City's Ethics Ordinance at all times.

f. Purchasing Analysis:

Keep informed of current developments in the field of purchasing, including but not limited to prices, market conditions and new products. Secure for the City the benefits of research conducted in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations, and private businesses and organizations.

3. Procedures:

The following procedures shall govern the procurement of goods and services for the City.

All requests for goods and/or services and all purchases will be made through and by the Purchasing Department unless otherwise specified herein. In some instances, authority to request prices may be delegated to others.

Like purchases shall be combined for bidding and quantity discount pricing.

No contract, purchase, or group of requisitions shall be subdivided to avoid bid and quotation requirements.

A City employee may not order the purchase of any materials, supplies, equipment, or contractual services; or make any contract, other than through the Purchasing Department without prior written authority or as specifically delegated herein.

In cases of Emergency Purchases or extenuating circumstances, an exception to the above policy may be made under the provisions contained in Section V, Item P.

B. TERMS

Addendum: a written statement, which clarifies, corrects, or changes the bidding documents or the contract documents.

Alternative delivery method process: a process of construction using a construction manager process, a design/build process or job order cost process instead of the traditional design-bid-build process.

Amendment: an addition to, deletion from, correction or modification of a solicitation or contract/agreement.

Architectural Services: professional or creative work in connection with the design and supervision of construction or alteration of a building or its parts, requiring architectural education, training, and experience in consultation, investigation, evaluation, planning, architectural design and preparation of related documents, and coordination of services furnished by structural, civil, mechanical, electrical engineers, and other consultants.

Award: the acceptance of a bid, offer, or proposal by the proper authority.

Best Value: a technique, in a competitive bid/quote process, which permits the evaluation of objective criteria in addition to price to determine the best overall value to the City.

Bid: a formal price offer submitted by a prospective vendor to furnish specific goods and/or services to the City in response to an Invitation to Bid (ITB).

Bid Bond: insurance agreement, accompanied by a monetary commitment, by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid. The bidder will furnish bonds as required.

Bid Tabulation: a public document listing all vendors who submitted a Bid with a list of all items in the Invitation to Bid and their associated bid on each item.

Bidder: a person who submits a response to an invitation for bids.

Blanket Purchase Order: a purchase order whereby a vendor provides to the City supplies, or services including maintenance work on demand or on a prescribed schedule, which shall not exceed a period of 12 consecutive months. A blanket purchase order may be used as a release and encumbrance document to authorize the City to order on an as-needed basis a predetermined amount of supplies, services, or construction work from an indefinite quantity contract.

Brand Name: a specification limited to one or more items by manufacturers' names or catalog numbers.

Capital Improvement Project: any public improvement undertaken by the City, including the construction or reconstruction, in whole or in part, of any building, plant, structure, road or other facility necessary in carrying out the activities of the City government.

Capital Outlay: Capital Outlay are those assets purchased by the City having a utility which extends at least three years and estimated to be valued at or in excess of \$5,000.00. (Objects of Expenditure 5710000 through 5750000).

Catalog Price: the price included in a catalog, price list, or schedule, which:

- (1) is regularly maintained by a manufacturer or contractor; or
- (2) is published or otherwise available for inspection by customers;
- (3) states prices at which sales are currently or were last made to a significant number of any category of buyers or buyers constituting the general buying public for the supplies or services involved.

Change Order: a written order issued on or after the effective date of the Contract/Agreement to correct errors, omissions, or discrepancies in purchase orders, to cover acceptable overruns and freight costs, incorporate requirements to expand or reduce the scope of commodities or services ordered, or to meet unforeseen field, regulatory or market conditions in accordance with the change order clause of a construction contract and signed by the authorized City personnel and Contractor.

Check Request: a request for the Finance Department to issue a check in payment of certain specific expenditures.

City: The City of Frederick.

Collusion: a secret agreement or cooperation for an illegal or deceitful purpose related to a bid. Also known as “bid rigging”. These acts are expressly illegal and forbidden.

Commodities: all personal property, including but not limited to supplies, goods, equipment, materials and printing, which are purchased, leased or otherwise contracted for by the City.

Commodity Codes: a system of words and numbers designed to identify and list commodities or services by class and sub-class.

Construction: the process of building, improving, altering or demolishing improvements. Construction shall not include the operation, repair or maintenance of improvements.

Construction Manager Process: the process of entering into a contract for the design and construction of a project together with a business organization having the expertise and resources to help manage the design and construction of the project. A maximum price for the project is established.

Consultant: a person who agrees to provide certain services under a contract with the City. He/she works according to their own methods, is not subject to the direction and control of the City, except as to the results of the work, does not receive a salary from the City, does not accrue annual or sick leave, frequently does the majority of the work in their own office instead of in a City office, and does not receive City benefits.

Consultant Selection Committee: the committee that reviews offers and responses to requests for proposals (RFP) from consultants, including but not limited to those for engineering and architectural services.

Contract: any agreement enforceable by law between the City and one or more outside parties, regardless of form or title, for the procurement of materials, services or construction or the disposal of materials.

Contract Amendment: any written alteration to the terms and conditions of any contract accomplished by mutual action of the parties of the contract.

Contractor: any person having a contract with the City.

Contractual Services: the rendering by a contractor of its time and efforts rather than the furnishing of specific commodities, supplies, materials, goods, equipment, and other personal property. The term applies only to those services rendered by individuals and firms who are independent contractors.

Cooperative Purchases: formal procurement conducted by or on behalf of more than one governmental entity, typically resulting in multiple awarded contracts.

Cooperative Purchasing: procurement conducted by, or on behalf of, more than one public procurement entity.

Cost Data: factual information concerning the cost of labor, material, overhead and other cost elements which are expected to be incurred, or which have been actually incurred, by the contractor in performing the contract.

Days: calendar days unless otherwise specified.

Design-Bid-Build: a construction project delivery method in which the City contracts with separate entities for the design and construction portions of a project.

Design/Build Process: a process for managing a construction project in which a primary or main contractor submits a combined proposal to provide the design and construction services for the entire construction project.

Designee: a duly authorized representative of another person.

Disadvantaged Business Enterprise (DBE): a minority business certified by the City, County or State.

Discount-From-List Contracts: those contracts whereby price is determined by applying a percentage discount from established catalog prices. This type of contract may be used when it is determined by the Purchasing Manager that this contracting methodology is in the best interest of the City.

Discussions: communication with an offeror, bidder or respondent for the purpose of:

- (a) eliminating minor irregularities, informalities, or apparent clerical mistakes in the offer or response;
- (b) clarifying any offer or response to assure full understanding of, and responsiveness to, solicitation requirements;
- (c) resolving minor variations in contract terms and conditions; or
- (d) establishing the competency or financial stability of any offeror, bidder or respondent.

Electronic: electrical, digital, magnetic, optical, electromagnetic, or any other similar technology.

Eligible Public Procurement Entity: any state, city, town, other political subdivision, and any other public authority, educational, health or other institution, and to the extent provided by law, any other entity which expends public funds for the procurement of supplies, services and construction.

Emergency: shall exist when a breakdown in machinery occurs and/or a threatened termination of essential services or a dangerous condition develops, or when unforeseen circumstances arise causing curtailment, diminution or delay of an essential service.

Encumbrance: the act of setting aside budget dollars for an expected purchase in order to show the user an accurate up to the minute available budget balance. For example, if you had a total budget of \$500.00 and had \$100.00 left, then you ordered a \$70.00 item; the budget balance would reflect that only \$30.00 was available, even though a bill for the \$70.00 had not been paid yet.

Engineering Services: professional or creative work in connection with public or private utilities, structures, buildings, machines, equipment and processes for projects requiring engineering education, training, and experience and the application of special knowledge of the mathematical, physical and engineering sciences to such professional service or creative work as consultation, investigation, evaluation, planning, design, and supervision of construction for the purpose of assuring compliance with specifications and design.

Field Purchase Order (FPO): term used for processing a purchase that has not gone through the requisition and purchase order approval process. An example would be a check request.

Force Account: construction work performed by the City's regularly employed personnel.

Formal Bid Process: the use of an Invitation for Bids or Request for Proposals pursuant to this policy.

Goods: any tangible personal property other than services or real property.

Governmental Agency: any agency of the Federal, State or local government.

Improvements: any structure, building, street, utility or other valuable addition to real property amounting to more than mere repairs or partial replacement and intended to enhance its value or utility or to adapt it for new or further purposes.

Indefinite Quantity Contract: a master contract for completion of a project or provision of services or materials on an as-needed basis establishing all terms and conditions requested by the City except those contained in the task (work) orders to be issued pursuant to the indefinite quantity contract.

Indemnify: to protect against hurt or loss.

Informality: a minor or immaterial irregularity in a bid that is a matter of form rather than of substance; a variation of a bid or proposal from the exact requirements of the ITB or RFP, which can be corrected or waived without being prejudicial to other bidders, and has no material effect on the price, quality, quantity or delivery schedule of the goods, services or construction being procured.

Inventory: goods in stock in the Central Warehouse.

Invitation to Bid (ITB): a written solicitation for competitive sealed bids with the title, date and time of the public bid opening; specifically defining the commodities and contractual services for which bids are sought.

Job-order-contracting: a construction project delivery method in which:

- (a) The contract is a requirements contract for indefinite quantities of construction.
- (b) The construction to be performed is specified in job (task) orders issued during the contract.
- (c) Finance services, maintenance services, operations services, preconstruction services, design services and other related services may be included.

Landscape Architect Services: professional or creative work such as consultation, investigation, research, planning, design, and preparation of drawings and specifications. "Landscape architect services" may also mean responsible supervision of the development of land areas when the objective is to preserve, enhance, or determine the following:

- (a) Proper land uses;
- (b) Natural land features;
- (c) Planting;
- (d) Natural and aesthetic values;
- (e) Settings and approaches to structure or other improvements;
- (f) Settings of grades and determining drainage;
- (g) Providing for storm drainage systems when these systems do not require the hydraulic design, structural design, or system components and are restricted to the use, when relevant, of any standards prescribed by local or State authorities; and
- (h) Determination of environmental problems of land, including erosion, blight, and other hazards.

Litigation Services: professional or other services procured by the City Attorney for the purpose of evaluating, preparing, providing or presenting evidence at the trial of any lawsuit to which the City is a party.

Local Preference: City policy formulated in order to encourage purchases from businesses located within The City of Frederick or the State of Maryland.

Maintenance: acts of repair, replacement or other acts necessary to keep any improvements or personal property in proper condition and good working order; to prevent decline in, failure or cessation of the existing condition of the improvement or personal property or to restore any improvement to its original condition after partial failure or destruction. This term shall not include improvements.

Maintenance Bond: a bond executed subsequent to final completion of a contract by a successful bidder, to protect the City from loss during the total warranty period of the project.

Materialmen's Bond: a bond executed subsequent to award by a successful bidder, to protect the City from loss due to the bidder's inability to provide all of the necessary materials for the satisfactory completion of the contracted project as agreed.

Materials: all personal property, including but not limited to supplies, equipment, parts, printing and insurance; excluding, however, leases of a permanent interest in real property, securities and financial paper.

Multiple-Award Contracts: those contracts, which provide awards to more than one vendor for the same item or type of items. The City may use this type of contract only when it is determined by the Purchasing Manager that the use of more than one vendor is in the best interest of the City.

Negotiations: an exchange of information or any form of cooperation during which the offeror and the City may alter or otherwise change the conditions, terms, and price, unless prohibited, of the proposed contract.

NIGP: National Institute of Governmental Purchasing

Notice of Award: the written notice by the City to the successful bidder, which is issued after official award by Mayor and Board of Aldermen.

Object of Expenditure: the expense account number used by the City to differentiate between different types of expenses.

Per Diem Allowance: an amount of money granted to employees who are traveling to cover their meal expenses, broken down as a specific amount allowed for breakfast, lunch and dinner.

Performance Bond: a bond executed subsequent to award by a successful bidder, to protect the City from loss due to the bidder's inability to complete the contract as agreed.

Petty Cash: an amount of money kept secured in a given centralized location that can be used for small dollar purchases.

Piggybacking: a procedure of procuring goods or services without formal bid procedures utilizing another public entity's award of an Invitation to Bid or Request for Proposal. City procedure permits piggybacks off contracts awarded by the State of Maryland, and contracts and awarded bids by local, and state government agencies and cooperative purchasing organizations or purchasing associations and, schedules allowable by law of national government agencies such as the General Services Administration (GSA).

Price data: factual information concerning prices for items substantially similar to those being procured. Prices as used in this definition shall refer to offered or proposed selling prices, historical selling prices and current selling prices.

Pricing Agreement: an agreement by which procurements are conducted by or on behalf of more than one governmental body.

Procurement: the purchasing, renting, leasing or other acquisition of any materials, services, professional services or construction. It shall also include all functions that pertain to obtaining any supplies or services (including professional services or construction), including the description of requirements, the selection and solicitation of sources and the preparation and award of contract.

Procurement Card: a credit card that has been set up with certain limits and arrangements that allows employees easier access to purchase goods and services and reduces the need for petty cash reimbursements.

Professional Services: the furnishing of labor, time, effort or expertise by a contractor with specialized knowledge in a field, including but not limited to architecture, engineering, medicine, finance, accounting, appraisal and land surveying.

Proposal: the documents submitted in response to an RFP to be used as the basis of negotiation, and/or to become incorporated in a contract upon acceptance by the City.

Proposal Revision: a change to a proposal made after the solicitation closing date, at the request of, or as allowed by the Purchasing Manager, as the result of negotiation.

Proposer: a person who submits a proposal in response to a request for proposals.

Public Bid Opening: the process of opening and reading bids at the time and place specified in the Invitation to Bid.

Public Notice: any publication reasonably calculated to inform responsible bidders or offerors. Public notice shall occur for a reasonable time and may be disseminated through any means of mass communication, including but not limited to newspapers, other written publications, posting, television, radio, other broadcasting media, web publishing and electronic billboards.

Purchase Order (PO): a City document used to authorize a purchase transaction with a vendor. It should contain provisions for goods and/or services ordered; applicable terms as to payment, discounts, date of performance and

transportation and other factors or conditions relating to the transaction. Acceptance by vendor of a City purchase order shall constitute a contract.

Purchase Requisition: the formal (electronic) process of obtaining approval to make a purchase on behalf of the City.

Qualifications Based Selection: a process for selecting professional services based on qualifications and experience.

Quotation: a document containing cost information for goods and services submitted in response to a solicitation from a contracting authority.

Request for Information (RFI): a solicitation of responses which will satisfy a need, rather than a firm specification, and in which the respondent is given latitude in order to develop a product and/or service which will fulfill the need.

Request for Letter of Interest (RLI): a solicitation of responses from vendors whereby vendors are invited to state their interest in performing a specific job or service for the City. Requests for letters of interest are usually issued with requests for qualifications and utilized by the City to determine which vendors shall be short listed, interviewed, and selected for final contract negotiations.

Request for Qualifications (RFQ): a formal written solicitation for sealed qualifications with the title, date and time of the closing designated. A request for qualifications may be used when the City is soliciting services or should the City determine the need to pre-qualify contractors for services prior to obtaining pricing.

Request for Quotation: an informal request to prospective vendors soliciting pricing for goods and services.

Request for Proposal (RFP): a formal written solicitation for sealed proposals with the title, date and time of the closing designated. A request for proposal may be used when the City is incapable of specifically defining the scope of work for which the commodities or services are required.

Request for Proposal – Design Build Services: a formal written solicitation for sealed proposals and bid pricing with the title, date and time of the closing designated. This form of solicitation is typically a construction project delivery system where, in contrast to traditional "design-bid-build" (or "design-tender"), the design and construction aspects are contracted for with a single entity known as the design-builder or design-build contractor. The design-builder is usually the general contractor, but in many cases it is also the design professional (architect or engineer). This system is used to minimize the project risk for an owner and to reduce the delivery schedule by overlapping the design phase and construction phase of a project. Where the design-builder is the contractor, the design professionals are typically retained directly by the contractor.

Responsible Bidder or Offeror: Contractor, supplier, or vendor, qualified on the basis that it (1) has adequate financial resources to perform a contract, (2) is able to comply with the associated legal or regulatory requirements, (3) is able to deliver according to the contract schedule, (4) has a history of satisfactory performance, (5) has good reputation regarding integrity, (6) has or can obtain necessary data, equipment, and facilities, and (7) is otherwise eligible and qualified to receive award if its bid is chosen.

Responsive Bidder or Offeror: a person whose bid or offer conforms in all material respects to the requirements set forth in the invitation for bids or request for proposals.

Selection Committee: group of persons selected to rank, in preferential order, those professional firms or individuals interested in providing services on a particular project and to negotiate a final contract with the highest ranked firm.

Services: the furnishing of labor, time or effort by a contractor, consultant, subcontractor or sub-consultant which does not involve the delivery of a specific end product other than required design documents or reports and performance. Services do not include employment agreements or collective bargaining agreements. The definition of services includes, but is not limited to, consulting, personal, professional, legal counsel, auditing, technical, professional design and construction services.

Short List: a reduced list of candidates narrowed by the application of an approved process applying uniform criteria. They have been selected from a longer list (all proposers) for further consideration for award, and from this group the successful offeror will be chosen.

Sole Source: a contract awarded for a material, service or construction item without competition.

Specification: any description of the physical or functional characteristics of or the nature of the material, service or construction item. It may include a description of any requirement for inspecting, testing or preparing a material, service or construction item for delivery or a procedure for determining whether the requirements are satisfied.

Standardization: the process of setting generally uniform characteristics for a particular good or service; a product that conforms to specifications resulting from the same or equivalent technical requirements. There are at least four levels of standardization: compatibility, interchangeability, commonality and reference. These standardization processes create compatibility, similarity, measurement and symbol standards.

Subcontractor or Sub-consultant: a person who contracts to perform work or render service to a contractor or consultant as defined by this section or to another subcontractor or sub-consultant as a part of a contract with the City.

C. EZ REFERENCE

1. Quotes or Bid?

Purchases (total requisition) amounting to less than \$10,000.00 shall be made by obtaining a price from a qualified vendor and submitting a requisition; between \$10,000.00 and \$49,999.99 shall require three written price quotes from solicited suppliers (explain circumstances fully if less than three (3) quotes were obtained); \$50,000.00 and over must be advertised for formal solicitation. However, when a pricing advantage may be obtained by piggybacking on other governmental contracts, a City of Frederick formal solicitation is not required. In the event there is only a single source of supply and the cost exceeds \$49,999.99, the Purchasing Manager, with the consent of the Director of Budget and Purchasing, is authorized to negotiate an open market order on terms most advantageous to the City.

2. Who Signs?

Purchase Contracts or Agreements up to \$49,999.99 will be approved and signed by the Purchasing Manager, Director of Budget and Purchasing, or Mayor. Contracts or Agreements of \$50,000.00 or more must be approved by the Board of Aldermen.

3. Who Places the Order?

The Purchasing Department places the order unless the initiating department notifies the Purchasing Department otherwise.

4. How does the vendor get paid?

When you have received the product or service and receive an invoice or packing slip, indicate on the paper document that it is "OK to Pay", date and initial it. Give reference to the Purchase Order number if it is not already referenced on the document. Forward this document to the Accounts Payable division of Purchasing. It is imperative that the packing slip and invoice be submitted to Accounts Payable in a timely manner to avoid late payments.

SECTION II – PURCHASING AUTHORITY

The purchasing authority for The City of Frederick is delegated as herein provided.

A. PURCHASING POSITIONS AND COMMITTEE

1. The **Purchasing Manager** is responsible for management of the Purchasing Department and its function, review and approval of all City purchases, maintenance of the Purchasing Policies and Procedures Manual and interpretation of the Purchasing Policies and Procedures Manual language and intent. The designated backup for the Purchasing Manager is the Director of Budget and Purchasing.

2. A **Purchasing Committee** is hereby established composed of the Mayor, President Pro-Tem of the Board of Aldermen, Director of Finance, and the Director of Budget and Purchasing. The committee has the authority to approve emergency purchases, including those that cannot meet the timing of Mayor and Board of Aldermen meeting schedule. Three members of the Purchasing Committee constitute a quorum. All decisions must be made by a majority of those present.

B. PURCHASE ORDERS AND ISSUING AUTHORITIES

1. The Purchasing Manager, Purchasing Department Buyer or designee is responsible for issuing purchase orders and making purchases on behalf of all departments, when appropriate. This includes obtaining a single quote, soliciting three quotes and processing formal bids. These duties may be delegated to the departments, as necessary. Departments will be responsible for writing the technical specifications and the Purchasing Department will assist.

2. No purchases shall be made without a purchase order. Department heads and/or employees may be held fully liable for all purchases or expenses involved contrary to the provisions provided and may be subject to disciplinary action. The Purchasing Manager shall review such purchases and report problems to the employee, the immediate supervisor and further up the chain of command, as appropriate.

3. The Purchasing Manager or designee must certify that an unencumbered balance in excess of all unpaid obligations is sufficient to defray the amount of the purchase order. It is the responsibility of the Finance Department to provide the Purchasing Department with a detailed budget and capital outlay listing for each City department. The Mayor, Director of Budget and Purchasing, and Director of Finance have the authority to override a purchase if sufficient funds are not available in the budget category.

SECTION III – PURCHASING POLICY

A. BASIC POLICIES

1. All applicable local, state and federal laws apply when goods or services are purchased by the City.

2. Personal Purchases for Employees

a. The Purchasing Department may not purchase supplies for the private use of employees.

b. No City employee in any of his private purchases may use his position with the City in an effort to obtain a price consideration better than that offered to the general public, unless it is offered as a group discount rate to all City employees. Employees are permitted to purchase additional uniforms through the Purchasing Department at their own expense. Payment shall be made prior to delivery.

3. Relations with Other Departments

Purchasing Department employees are to familiarize themselves with the particular requirements of the various users of services and materials and to be receptive to their counsel.

4. Relations with municipal agencies and cooperative purchasing organizations.

a. The Purchasing Manager may undertake programs involving joint or cooperative purchases with other public agencies and/or cooperative purchasing organizations such as the Frederick Area Cooperative Purchasing Committee, State of Maryland, NJPA, COG, US Communities, BRCPC, H-GAC, National IPA, TCPN, etc.

b. When pricing advantage may be obtained by buying from surplus lists or supply contracts of other governmental purchasing agencies, competitive bidding is not required. **“Piggybacking”** on other governmental contracts that have been bid may be done if the vendor is willing to abide by the terms of the contract and the bid award is less than one year old, or has the formal option to renew. You must obtain a copy of the original bid contract and any renewal documentation and forward to the Purchasing Department along with the requisition for review and approval.

5. Avoidance of Verbal Arrangements/Understandings

Insofar as possible or practical, communications with vendors should be in writing to avoid misunderstandings and provide a historical file.

6. Negotiations with Vendors

No employee of the City shall contract directly or indirectly with any vendor except with the approval of the Purchasing Manager or their designee.

7. Relations with the Public

a. The City’s Ethics Ordinance, Chapter 21 of the Frederick City Code, shall govern employees’ relations with vendors and those organizations under contract with the City.

b. Negotiation by suppliers’ representatives with employees in a user department should be through, or with the knowledge of, the appropriate purchasing representative.

8. Purchasing Department Files and Records

Complete files are to be maintained in the Purchasing Office (or electronically, as appropriate) consisting of at least the following.

- a. Requisitions and purchase orders with copies of related correspondence,
- b. Catalog files (electronic files, descriptive literature of commodities regularly purchased),
- c. Copies of contracts and agreements, where applicable.

9. It is a violation of these regulations to spread the purchase of an item or items over two or more purchase orders when the intent is to avoid these regulations.

B. MINORITY PREFERENCE POLICY

Minority Preference: Purchases of goods or services from bona fide minority vendors will be made whenever possible, providing cost, quality and service are equal. Refer to Disadvantaged Business Enterprise Program (Attachment 1).

C. LOCAL PREFERENCE POLICY

Definitions - For the purposes of this subsection, the following terms have the meanings ascribed to them:

“City Business” means a business entity that (i) For at least one year immediately preceding the issuance of the relevant request for quotes or formal solicitation, has its headquarters, a manufacturing facility, a locally-owned franchise, or an operating branch physically located within the City; (ii) For the most recent tax year, has paid all business or real property tax due to the City; and (iii) Will use only subcontractors who meet the criteria of (i) and (ii).

“State Business” means a business entity that (i) For at least one year immediately preceding the issuance of the relevant request for quotes or formal solicitation, has its headquarters, a manufacturing facility, a locally-owned franchise, or an operating branch physically located within the State of Maryland; (ii) For the most recent tax year, has paid all business tax or real property tax due to a political subdivision of the State of Maryland; and (iii) Will use only subcontractors who meet the criteria of (i) and (ii).

1. Preferences

- a. In general, subject to the exemptions set forth below, in evaluating any competitive solicitation in accordance with these Purchasing Policies and Procedures, the City will grant a preference in relation to the proposed quoted cost or bid amount as further described herein. The preference is only used for computational purposes to determine the winning bid or proposal, and has no bearing on the actual purchase price or cost to the City.
- b. City Businesses - The preference given to City Businesses is 10 percent of the lowest quote or responsible bid, not to exceed \$3,000.
- c. State Businesses - The preference given to State Businesses is 5 percent of the lowest quote or responsible bid, not to exceed \$1,500.

2. Exemptions - The City will not grant any preference in connection with any of the following:

- a. A purchase for which a local preference is prohibited by State or Federal law;
- b. A purchase funded, in whole or in part, by a Federal or State grant, if the preference would conflict with any condition attached to the grant;
- c. A purchase funded, in whole or in part, by a donation or gift to the City, if the preference would conflict with any special condition attached to the donation or gift;

d. An emergency purchase, as set forth in Section V (P) of these Purchasing Policies and Procedures;

e. The transfer or disposition of any surplus, obsolete, or waste article pursuant to Section VII (D) of these Purchasing Policies and Procedures; or

f. The transfer or disposition of any real property owned by the City.

3. This “Local Preference” policy supersedes any other provision within these Purchasing Policies and Procedures to the extent of any inconsistency.

D. BUY AMERICA POLICY

1. Introduction: When grant funds traceable to the American Recovery and Reinvestment Act of 2009 (“ARRA”) are used by the City, regardless of whether directly granted from Federal agencies or passed through State entities, the City must comply with the requirement in section 1605 (known as the “Buy America” provision) that all of the iron, steel, and manufactured goods used for a project for the construction, alteration, maintenance, or repair of a public building or public work be produced in the United States. Exceptions can be made by the heads of Federal departments or agencies when use of domestic product is:

a. Inconsistent with the public interest;

b. Compromised because there are insufficient or reasonably unavailable quantities of domestic products or their quality is unsatisfactory; or

c. Likely to increase the cost of the overall project by 25% or more.

2. Documentation and verification, generally: The City will retain documentation supporting its compliance with the Buy America provision. It shall be the responsibility of the site inspector and the project manager to verify that all ARRA requirements are being complied with throughout the course of the contract.

3. Solicitations: When a project is to be funded in whole or in part by ARRA funds, a solicitation or request for proposals will include an appropriate notice of the Buy America provision and a statement that as a condition of responsiveness, the bidder or proposer must submit with the bid or proposal a completed Buy America certificate certifying that all of the material, equipment and accessories which are to be incorporated into the contract have been manufactured from domestic construction material as defined by the applicable Federal regulations (except pursuant to a valid waiver).

4. Contracts: The City will incorporate into its contract documents language that obligates sub-recipients or contractors to comply with the Buy America provisions and requires certifications from a contractor or vendor showing that a product was manufactured domestically.

5. Compliance with certification: If, upon being awarded a particular contract, a successful bidder or proposer fails to demonstrate that it is in compliance with its certification, the bidder or proposer will be required to take the necessary steps in order to achieve compliance. If a bidder or proposer takes these necessary steps, it will not be allowed to change its original bid price or the price of its final offer. If a contract has been awarded and the bidder or offeror does not take the necessary steps to achieve compliance, they may be considered in breach of the contract.

E. ENVIRONMENTALLY RESPONSIBLE PURCHASING POLICY

1. Statement of Policy

It is the policy of The City of Frederick to:

- institute practices that reduce waste by increasing product efficiency and effectiveness,

- purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety to the greatest extent practicable, and
- purchase products that include recycled content, are durable and long-lasting, conserve energy and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine free manufacturing processes, are lead-free and mercury-free, and use wood from sustainably harvested forests.

2. Purpose

This Policy is adopted in order to:

- conserve natural resources,
- minimize environmental impacts such as pollution and use of water and energy,
- eliminate or reduce toxics that create hazards to workers and our community,
- support strong recycling markets,
- reduce materials that are landfilled,
- increase the use and availability of environmentally preferable products that protect the environment,
- identify environmentally preferable products and distribution systems,
- reward manufacturers and vendors that reduce environmental impacts in their production and distribution systems or services, and
- create a model for successfully purchasing environmentally preferable products that encourages other purchasers in our community to adopt similar goals.

3. Definitions

- a. “Agricultural Bio-Based Products” means commercial or industrial products (other than food or feed) that utilize agricultural crops or residues but does not include products made from forestry materials.
- b. “Bay-Friendly Landscaping” means working with the natural ecosystems of the Chesapeake Bay area to foster soil health, to reduce runoff and pollution, prevent and reuse plant waste, conserve water and other natural resources.
- c. “Chlorine free” means products processed without chlorine or chlorine derivatives.
- d. “Dioxins and furans” are a group of chemical compounds that are classified as persistent, bio accumulative and toxic by the Environmental Protection Agency.
- e. “Energy Star” means the U.S. EPA’s energy efficiency product labeling program.
- f. “Energy Efficient Product” means a product that is in the upper 25% of energy efficiency for all similar products, or that is at least 10% more efficient than the minimum level that meets Federal standards.
- g. “Federal Energy Management Program” is a program of the Department of Energy that issues a series of *Product Energy Efficiency Recommendations* that identify recommended efficiency levels for energy-using products.
- h. The “Forest Stewardship Council” is a global organization that certifies responsible, on-the-ground forest management according to rigorous standards developed by a broad variety of stakeholder groups.
- i. “Integrated Pest Management (IPM)” is an ecosystem-based strategy that focuses on long-term prevention of pests or their damage through a combination of techniques such as biological control, habitat manipulation, modification of cultural practices, and use of resistant varieties. Pesticides are used only after monitoring indicates they are needed according to established guidelines, and treatments are made with the goal of removing only the target organism. Pest control materials are selected and applied in a manner that minimizes risks to human health, beneficial and non-target organisms, and the environment.

- j. “LEED™ Rating System” means the self-assessing system developed by the U.S. Green Building Council designed for rating new and existing commercial, institutional, and high-rise residential buildings.
- k. "Postconsumer Material" means a finished material which would normally be disposed of as a solid waste, having reached its intended end-use and completed its life cycle as a consumer item, and does not include manufacturing or converting wastes.
- l. “Practical” and “Practicable” mean whenever possible and compatible with local, state and federal law, without reducing safety, quality, or effectiveness and where the product or service is available at a reasonable cost in a reasonable period of time.
- m. “Pre-consumer Material” means material or by-products generated after manufacture of a product is completed but before the product reaches the end-use consumer. Pre-consumer material does not include mill and manufacturing trim, scrap, or broke which is generated at a manufacturing site and commonly reused on-site in the same or another manufacturing process.
- n. “Recovered Material” means fragments of products or finished products of a manufacturing process, which has converted a resource into a commodity of real economic value, and includes pre-consumer and postconsumer material but does not include excess resources of the manufacturing process.
- o. “Recycled Content” means the percentage of recovered material, including pre-consumer and postconsumer materials, in a product.
- p. “Recycled Content Standard” means the minimum level of recovered material and/or postconsumer material necessary for products to qualify as “recycled products.”
- q. “Recycled Product” means a product that meets the City’s recycled content policy objectives for postconsumer and recovered material.
- r. “Remanufactured Product” means any product diverted from the supply of discarded materials by refurbishing and marketing said product without substantial change to its original form.
- s. “Reused Product” means any product designed to be used many times for the same or other purposes without additional processing except for specific requirements such as cleaning, painting or minor repairs.
- t. “Source Reduction” refers to products that result in a net reduction in the generation of waste compared to their previous or alternate version and includes durable, reusable and remanufactured products; products with no, or reduced, toxic constituents; and products marketed with no, or reduced, packaging.
- u. The “Toxics Release Inventory” (TRI) is a publicly available U.S. EPA database that contains information on toxic chemical releases and other waste management activities reported annually by certain covered industry groups as well as federal facilities.
- v. “U.S. EPA Guidelines” means the Comprehensive Procurement Guidelines established by the U.S. Environmental Protection Agency for federal agency purchases as of May 2002 and any subsequent versions adopted.
- w. “Water-Saving Products” are those that are in the upper 25% of water conservation for all similar products, or at least 10% more water-conserving than the minimum level that meets the federal standards.

4. Specifications Source Reduction

- a. The City shall institute practices that reduce waste and result in the purchase of fewer products whenever practicable and cost-effective, but without reducing safety or workplace quality.
- b. The City shall purchase remanufactured products such as laser toner cartridges, tires, furniture, equipment and automotive parts whenever practicable, but without reducing safety, quality or effectiveness.
- c. The City shall require all equipment bought to be compatible with source reduction goals as referred to in this section when practicable.
- d. All buyers shall consider short-term and long-term costs in comparing product alternatives, when feasible. This includes evaluation of total costs expected during the time a product is owned, including, but not limited to, acquisition, extended warranties, operation, supplies, maintenance, disposal costs and expected lifetime compared to other alternatives.
- e. Products that are durable, long lasting, reusable or refillable are preferred whenever feasible.
- f. The City requests vendors to eliminate packaging or use the minimum amount necessary for product protection, to the greatest extent practicable.
- g. Packaging that is reusable, recyclable or compostable is preferred, when suitable uses and programs exist.
- h. Vendors shall be encouraged to take back and reuse pallets and packaging materials.
- i. Suppliers of electronic equipment, including but not limited to computers, monitors, printers, and copiers, shall be required to take back equipment for reuse or environmentally safe recycling when the City discards or replaces such equipment, whenever possible.

5. Recycled Content Products

- a. All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum recycled content standard guidelines, such as those for printing paper, office paper, janitorial paper, construction, landscaping, parks and recreation, transportation, vehicles, miscellaneous, and non-paper office products, shall contain the highest postconsumer content practicable, but no less than the minimum recycled content standards established by the U.S. EPA Guidelines.
- b. Copiers and printers bought shall be compatible with the use of recycled content products.
- c. The City shall purchase re-refined lubricating and industrial oil for use in its vehicles and other equipment, as long as it is certified by the American Petroleum Institute (API) as appropriate for use in such equipment.
- d. When specifying asphalt concrete, aggregate base or portland cement concrete for road construction projects, the City shall use recycled, reusable or reground materials when practicable.
- e. The City shall specify and purchase recycled content transportation products, including signs, cones, parking stops, delineators, and barricades when practicable.
- f. All pre-printed recycled content papers intended for distribution that are purchased or produced shall contain a statement that the paper is recycled content.

6. Energy and Water Savings

- a. Where applicable, energy-efficient equipment shall be purchased with the most up-to-date energy efficiency functions. This includes, but is not limited to, high efficiency space heating systems and high efficiency space cooling equipment.
- b. When practicable, the City shall replace inefficient lighting with energy-efficient equipment.
- c. All products purchased by the City and for which the U.S. EPA Energy Star certification is available shall meet Energy Star certification, when practicable. When Energy Star labels are not available, choose energy-efficient products that are in the upper 25% of energy efficiency as designated by the Federal Energy Management Program.
- d. The City shall purchase water-saving products whenever practicable.

7. Green Building - Construction and Renovations

All building and renovations undertaken by the City shall follow Green Building practices for design, construction, and operation, where appropriate, as described in the LEED™ Rating System.

8. Landscaping

- a. All landscape renovations, construction and maintenance by the City, including workers and contractors providing landscaping services for the City, shall employ Bay-Friendly Landscaping or sustainable landscape management techniques for design, construction and maintenance whenever possible, including, but not limited to, integrated pest management, grass-cycling, drip irrigation, composting, and procurement and use of mulch and compost that give preference to those produced from regionally generated plant debris and/or food waste programs.
- b. Plants should be selected to minimize waste by choosing species for purchase that are appropriate to the microclimate, species that can grow to their natural size in the space allotted them, and perennials rather than annuals for color. Native and drought-tolerant plants that require no or minimal watering once established are preferred.
- c. Hardscapes and landscape structures constructed of recycled content materials are encouraged. The City shall limit the amount of impervious surfaces in the landscape, wherever practicable. Permeable substitutes, such as permeable asphalt or pavers, are encouraged for walkways, patios and driveways.

9. Toxics and Pollution

- a. To the extent practicable, no cleaning or disinfecting products (i.e. for janitorial or automotive use) shall contain ingredients that are carcinogens, mutagens, or teratogens. These include chemicals listed by the U.S. EPA or the National Institute for Occupational Safety and Health on the Toxics Release Inventory and those listed under Proposition 65 by the California Office of Environmental Health Hazard Assessment.
- b. The use of chlorofluorocarbon-containing refrigerants, solvents and other products shall be phased out and new purchases shall not contain them.
- c. All surfactants and detergents shall be readily biodegradable and, where practicable, shall not contain phosphates.
- d. When maintaining buildings and landscapes, the City shall manage pest problems through prevention and physical, mechanical and biological controls. The City may either adopt and implement an organic pest management policy and practices or adopt and implement an Integrated Pest Management (IPM) policy and practices using the least toxic pest control as a last resort.

- e. When maintaining buildings, The City shall use products with the lowest amount of volatile organic compounds (VOCs), highest recycled content, and low or no formaldehyde as practicable when purchasing materials such as paint, carpeting, adhesives, furniture and casework.
- f. The City shall reduce or eliminate its use of products that contribute to the formation of dioxins and furans. This includes, but is not limited to:
 - Purchasing paper, paper products, and janitorial paper products that are unbleached or that are processed without chlorine or chlorine derivatives, whenever possible.
 - Prohibiting purchase of products that use polyvinyl chloride (PVC) such as, but not limited to, office binders, furniture, flooring, and medical supplies whenever practicable.
- g. The City shall purchase products and equipment with no lead or mercury whenever possible. For products that contain lead or mercury, the City shall give preference to those products with lower quantities of these metals and to vendors with established lead and mercury recovery programs.
- h. When replacing vehicles, the City shall consider less-polluting alternatives to diesel such as compressed natural gas, bio-based fuels, hybrids, electric batteries, and fuel cells, as available.

10. Forest Conservation

To the greatest extent practicable, the City shall not procure wood products such as lumber and paper that originate from forests harvested in an environmentally unsustainable manner. When possible, the City shall give preference to wood products that are certified to be sustainably harvested by a comprehensive, performance-based certification system. The certification system shall include independent third-party audits, with standards equivalent to, or stricter than, those of the Forest Stewardship Council certification.

11. Agricultural Bio-Based Products

- a. Vehicle fuels made from non-wood, plant-based contents such as vegetable oils are encouraged whenever practicable.
- b. Paper, paper products and construction products made from non-wood, plant-based contents such as agricultural crops and residues are encouraged whenever practicable.

12. Priorities

- a. The health and safety of workers and citizens is of utmost importance and takes precedence over all other policies.
- b. The City has made significant investments in developing a successful recycling system and recognizes that recycled content products are essential to the continuing viability of that recycling system and for the foundation of an environmentally sound production system. Therefore, to the greatest extent practicable, recycled content shall be included in products that also meet other specifications, such as chlorine free or bio-based.
- c. Nothing contained in this policy shall be construed as requiring a department, purchaser or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.
- d. Nothing contained in this policy shall be construed as requiring the City, a department, purchaser or contractor to take any action that conflicts with local, state or federal requirements.

13. Implementation

- a. The Purchasing Manager shall implement this policy in coordination with other appropriate staff.
- b. Successful bidders shall certify in writing that the environmental attributes claimed in competitive bids are accurate. Vendors shall be required to specify the minimum or actual percentage of recovered and postconsumer material in their products, even when such percentages are zero.
- c. Upon request, buyers making the selection from competitive bids shall be able to provide justification for product choices that do not meet the environmentally preferable purchasing criteria in this policy.
- d. Vendors, contractors and grantees shall be encouraged to comply with applicable sections of this policy for products and services provided to the City, where practicable.

14. Program Evaluation

The Purchasing Manager shall periodically evaluate the success of this policy's implementation.

SECTION IV – TYPES OF PURCHASES

All City expenditures come under one of the following types of purchases:

A. COMPETITIVE INVITATION TO BID (ITB), REQUEST FOR PROPOSAL (RFP), REQUEST FOR QUALIFICATIONS (RFQ)

All purchases for commodities or services that have a cumulative total for the life of the contract of \$50,000.00 or more must be made by formal competitive solicitations. The approval of The Board of Aldermen is required.

B. COMPETITIVE PRICING (REQUEST FOR QUOTATION -THREE QUOTES)

1. Made on definite quantity single delivery purchase orders based on a requisition from a Department Head, for purchases above \$9,999.99 and up to \$49,999.99.
2. Made on indefinite quantity (blanket) purchase orders on the basis of a negotiated price and requisition from the using department. Used for recurring purchases of advertising, office supplies, medical prescriptions, etc. Exact quantity of purchase is not stated; only an estimated dollar amount is given.

C. NONCOMPETITIVE PRICING

Made on definite quantity single delivery purchase orders based on a requisition from a Department Head, under \$10,000.00.

D. “SINGLE SOURCE” PROCUREMENTS

1. When the City requires supplies, materials or equipment which are produced by only one manufacturer, the Purchasing Manager shall specify such manufacturer’s make or brand in the invitation to bid and shall obtain competitive bids from authorized dealers or distributors of such manufacturer. If such manufacturer is the sole bidder and sole source of supply, the Purchasing Manager is authorized to negotiate an open market purchase order or contract with the manufacturer at prices and on terms most advantageous to the City.
2. When the City requires supplies, materials, or equipment which are patented or proprietary and which are obtainable in two or more equally satisfactory and competitive makes, brands or types, the Purchasing Manager shall list such acceptable and competitive makes, brands or types in the invitation to bid. Unless a pre-qualification process has been completed or the item has been “standardized” such lists shall also include the phrase “or equal to.”
3. The Purchasing Manager may permit bidders to bid on alternate or additional makes, brands or types. It shall be incumbent on each such bidder to prove to the satisfaction of the City that the alternate or additional make, brand or type is equal in quality or performance to those listed in the invitation to bid.
4. A contract may be awarded without competition when the Purchasing Manager determines in writing, after conducting a good faith review of available sources, that there is only one responsible source for the required material, service, or construction item. The using agency requesting sole source procurement shall provide written evidence to support a sole source recommendation. The Purchasing Manager may require that negotiations are conducted as to price, delivery, and terms. The Purchasing Manager may require the submission of cost or pricing data in connection with an award under this section. Sole source procurement shall be avoided, except when no reasonable alternative sources exist. A record of sole source procurements shall be maintained as a public record.
5. Miscellaneous exemptions:
 - a. A contract for materials, professional services or services may be awarded without competition if the Purchasing Manager determines in writing that one or more of the following conditions exists:
 1. Although there exists more than one responsible source, a competitive process cannot reasonably be used or, if used, will result in a substantially higher cost to the City, will otherwise injure the City's financial interests or will substantially impede the City's administrative functions or the delivery of services to the public;

2. A particular material or service is required to maintain interchangeability or compatibility as a part of an existing integrated system;
3. A particular material, professional service or service is required in order to standardize or maintain standardization for the purpose of reducing financial investment or simplifying administration;
4. The material is perishable;
5. The material qualifies as an object of fine art;
6. A particular material is required to match materials in use, so as to produce visual harmony;
7. The material, professional service or service is the subject of a change order.

b. Any construction change order which authorizes a new improvement under a construction contract may be executed without competition Pursuant to Section V (L) of these Purchasing Policies and Procedures ; and

1. The new improvement is required for the completion of an improvement which is currently under construction pursuant to a competitive bidding or competitive proposal process;
2. The new improvement results from the discovery of differing or unforeseen physical conditions at the site of the improvement under construction and is required for the completion of the improvement under construction
3. The Purchasing Manager deems it would be in the City's best interest to negotiate with the on-site contractor for the construction of the new improvement.
4. The requirements of any procurement requiring use of federal or State of Maryland bid processes take precedence to the aforementioned requirements.

E. OPEN MARKET PURCHASES AND SALES (LESS THAN \$50,000)

1. If the amount of the expenditure for a service, commodity or a class of commodities normally obtainable from the same source of supply is estimated to be less than \$50,000.00 or if the sale of personal property which has become obsolete or unusable is estimated to less than \$50,000.00, it shall not be subject to the requirements of a formal solicitation. All such open market transactions shall, wherever possible, be based on at least three competitive quotes and the approval of the Purchasing Manager or their designee.

2. The Purchasing Manager, or their designee, shall solicit quotes by direct mail requests, telephone, or electronically to prospective bidders for the class of commodities or services being purchased or sold, and record properly. When quotations are necessary, electronic bid posting is strongly preferred. Use of the Purchasing Department's webpage and/or e-Maryland Marketplace should be employed. If the above systems are not utilized, quotations shall be solicited from at least three suppliers.

3. Purchases less than \$10,000.00, whenever possible, shall be made from pricing agreements, term contracts, or should be based on at least three competitive quotes.

4. All open market purchases shall be awarded to the lowest responsive and responsible bidder or on the basis of "best value" and all open market sales shall be made to the highest responsive and responsible bidder.

5. Use of electronic transmissions: The use of electronic media, including acceptance of electronic signatures, is authorized consistent with the State of Maryland's applicable statutory, regulatory or other guidance for use of such media, so long as such guidance provides for (i) appropriate security to prevent unauthorized access to the quotation, approval, and award processes; and (ii) accurate retrieval or conversion of electronic forms of such information into a medium which permits inspection and copying.

6. Notwithstanding the provisions of this section, the Purchasing Manager may elect to handle any purchase less than \$50,000.00 according to any of the procurement methods.

F. EMERGENCY PURCHASES

Departmental purchases made in an emergency. See Section V, Item P for guidelines.

G. STOCK PURCHASES FROM CITY INVENTORY

Departments are required to purchase goods inventoried by the Purchasing Department (warehouse) only from the Purchasing Department. No purchase of goods from an outside source will be approved if the goods are stocked at the warehouse.

H. PROFESSIONAL SERVICE PURCHASES

The service of attorneys, physicians, consultants, or other similar types of professional services that are not normally subject to competitive bidding, shall be engaged by the using agency under the guidelines of Section V paragraph N, Qualification Based Selection.

I. PETTY CASH PURCHASES

Petty cash funds will be maintained by certain departments (on an as-need basis to be determined by the Director of Finance) and may be used for purchases costing no more than \$50.00. Authorized employees must both sign for petty cash money and bring back a detailed receipt and change; or the employee can pay for the item, obtain a detailed receipt from the vendor and get reimbursed for the purchase.

J. CHECK REQUESTS

Check requests are used to request payment on items that are not processed as purchase requisitions. Examples are dues, subscriptions, travel advances, prepaid orders, escrow releases, refunds, tax payments, utility bills, payroll withholding payments, lease payments or other payments associated with agreements, land and property purchases and certain professional services that have already been contracted for (such as periodic insurance premiums) or are long-standing relationships (See Section V, O). Check request forms (See Attachment 2) should be completely filled out including supporting documentation and sent to the Finance Department for processing.

K. PROCUREMENT CARDS

1. Purpose

The City's Card Program is designed to improve efficiency, timeliness and internal control in processing purchases from vendors that accept a credit card. Many of our suppliers, currently being paid by Petty Cash, small dollar P.O.'s and Blanket P.O.'s will accept a credit card.

The program will allow cardholders to purchase approved commodities and services directly from vendors. Each procurement card is issued to a named individual and the City is clearly shown on the card as the governmental buyer of goods and services. Procurement Card spending limits are established by the Director of Budget and Purchasing.

The Purchasing Department will monitor the performance of the program. All questions or concerns should be directed to:

Procurement Related: Purchasing Card Administrator
Accounting Related: Director of Budget and Purchasing

The purpose of these policies and procedures is to provide an efficient method of purchasing and paying for goods and services, to reduce the use of Petty Cash and Blanket Purchase Orders, to ensure Procurement Card Purchases are in accordance with the City's ordinances, policies and procedures, to reduce the time spent by Accounts Payable processing transactions, to ensure that the City bears no legal liability from inappropriate use of procurement cards and to provide for disciplinary action if the procurement cards are misused.

The Policies and procedures herein are minimum standards for Departments. Departments may establish additional controls if necessary.

2. General

The Procurement Card system simplifies the procurement and disbursement processes. Procurement responsibility is delegated to the ordering department enabling an authorized cardholder to place an order directly with the vendor; no prior requisition entry or PO is needed.

When a purchase authorization is requested by the supplier at the point-of-sale, the Procurement Card system validates the transaction against preset limits established by the employee's department. All transactions are approved or declined (electronically) based on the Procurement Card authorization criteria established. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to the following:

- a. Number of transactions allowed per day
- b. Number of transactions allowed per month
- c. Single purchase limit
- d. Monthly spending limit
- e. Approved merchant category code (MCC)

The authorization process occurs through the electronic system that supports the Procurement Card processing services.

3. Responsibilities

The following is a summation of the responsibilities of the individuals and organizations involved in the Procurement Card system:

Cardholder:

- a. Hold and secure Procurement Card
- b. Order materials and services
- c. Ensure no state sales tax is paid
- d. Collect and save sales receipts; forward to the Purchasing Department by the end of each month
- e. Approve monthly card statement
- f. Review monthly statements for validity of all transactions
- g. Review monthly charge with supervisor
- h. Identify disputed charges

Department Head:

- a. Request Procurement Cards for designated employees
- b. Set department spending limits within established guidelines
- c. Designate representatives responsible for authorizing charges
- d. Collect cards from cardholders who end employment
- e. Evaluate the need to cancel or reissue cards when employees transfer

Department Head or Designee:

- a. Review monthly statement with cardholder
- b. Sign the monthly statement authorizing charges
- c. Verify the appropriateness of cost center codes and enter into reconciliation software by the end of each month
- d. Handle disputed items

Purchasing Card Administrator:

- a. Maintain cardholder list
- b. Coordinate issuance and cancellations of cards
- c. Produce reconciliation report each billing cycle
- d. Coordinate program policy issues
- e. Participate in ongoing program reviews
- f. Participate in resolving billing disputes
- g. Coordinate and maintain internal controls
- h. Confirm that all charges are authorized by Department Representative(s)

- i. Notify department if approved monthly statements are not received
- j. Maintain policy and cardholder guides/manuals
- k. Target new cardholders and expand use of card
- l. Establish and monitor bench marking objectives
- m. Pursue supplier discount opportunities
- n. Evaluate Procurement Card feedback from suppliers

Finance Department:

- a. Receive approved monthly statements from Accounts Payable
- b. Receive consolidated statement from Program Administrator
- c. Pay all monthly charges from consolidated statements
- d. File and store statements, receipts, etc.
- e. Administer 1099 Reporting

4. Assignment and Control of the Procurement Card

a. Request For and Issuance of Procurement Cards

- 1. Procurement cards will be issued to individual employees. Generally these will be the employees who before the Procurement Card Program often used Petty Cash and Blanket Purchase Orders.
- 2. The Procurement Card will have the employee's name, the City's name, the Department/Division's name, and expiration date. The Procurement Card issuing company will not have individual cardholder information other than the cardholder's work address. No credit records of the cardholder are maintained.
- 3. All requests for Procurement Cards must be made by the Department Head.
- 4. All requests for new cardholders or for changes to current cardholders will be made by submitting a request form to the Procurement Card Administrator.
- 5. When the Purchasing Manager receives a Procurement Card from an issuing card company, the cardholder will be required to personally take receipt of the card. The cardholder will be given a copy of the Procurement Card Policies and Procedures guide.

b. Lost or Stolen Procurement Cards

- 1. If a Procurement Card is lost or stolen, the cardholder or department representative must immediately notify the Procurement Card Administrator of the loss.
- 2. The cardholder will be responsible for reporting all information necessary to reduce the liability to the City for lost or stolen cards.
- 3. Termination or Transfer of Cardholder

When an employee ends his or her employment or is transferred to another department, the Department Head must collect the Procurement Card, cut the card into pieces and then submit the destroyed card to the Procurement Card Administrator. If the Department is unable to collect the Procurement Card when an employee terminates, the Department Head must immediately notify the Procurement Card Administrator, who will ensure that the card is canceled.

5. Limitations on Use of Procurement Cards

a. Cardholder Use Only

The Procurement Card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the card.

b. City Purchases Only

The Procurement Card is to be used for City authorized purchases only. The Procurement Card shall not be used for personal use and any such use will require immediate reimbursement and may result in disciplinary action, which may include dismissal.

c. Dollar Limitations

1. The Department Head approving the assignment of a Procurement Card will set two limits for each cardholder: a single purchase limit and a 30 day limit. Requests for spending limit changes must be initiated and authorized by the Department Head. Any authorization to go beyond maximum limits for any reason shall come from the Purchasing Manager or their designee.
2. A purchase may be made of multiple items, but the invoice cannot exceed the single purchase limit. Payment for purchases shall not be split to stay within the single purchase limit.

d. Prohibited Use of Procurement Cards

The following types of items may not be purchased with a Procurement Card, no matter the dollar amount (unless prior written authorization has been received):

1. Gasoline or oil (except in emergency situations)
2. Vehicle repairs (except when authorized by the Vehicle Maintenance Department)
3. Travel expenses such as hotels, food and airline tickets (with the exception of prior authorization)
4. Cash advances
5. Items available through the Purchasing Department warehouse or on existing contracts
6. Additional goods or services specifically restricted by the Department
7. Computer hardware and software (except by IT Manager)
8. Telephones or telephone related equipment (except by Facilities Manager)

Special permission to go outside these provisions may be granted by the Director of Budget and Purchasing or their designee, with Department Head approval, in extenuating circumstances.

6. Procedures for Making and Paying for Purchases

a. Documentation of Over-the-Counter Purchases

1. When an over-the-counter purchase is made, the cardholder must obtain the customer's copy of the charge slip, invoice or cash register tape indicating items purchased.
2. The documentation will be retained either by the cardholder or by a Department Representative until forwarded to the Purchasing Department. Documentation must be forwarded to the Program Administrator by the end of each month. The cardholder may be required to reimburse the City for any purchases where documentation is not obtained.

b. Telephone or Internet Orders

When placing a telephone or internet order, the cardholder must confirm that the vendor will charge the Procurement Card when shipment is made so that receipt of the supplies may be certified on the monthly Statement of Account.

c. Payment and Invoice Procedures

1. The procurement card company will mail an individual billing statement to the cardholder at their office and one consolidated statement for all cardholders to the Purchasing Department. This Statement of Account will list all transactions processed during the previous 30 days. If no purchases were made on the Procurement Card during the billing cycle, no Statement of Account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

2. The cardholder must review the statement and note any errors. The statement should be reviewed and signed by the cardholder or a department representative. By signing the statement, the cardholder is again certifying that all charges are appropriate and authorized and that all charges are supported by receipts. The signed statement should be forwarded to the Purchasing Department. A Field Purchase Order will be entered into the Purchasing System listing an account number and distribution of expenditure based on the information that the department representative has entered into the reconciliation software.

3. The Finance Department will ensure that the Procurement Card charges are paid timely and that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the Departments. Department Heads will be notified when individual statements are not received in the allotted time. Continued failure to meet the deadlines may result in the revocation of Procurement Cards at the discretion of the Purchasing Manager. The cardholder may be personally responsible for any finance charges incurred resulting from failure to forward statements and documentation in a timely manner.

7. Disputes

a. If items purchased with the Procurement Card are defective, the cardholder must return the item(s) to the vendor for replacement or credit. If the service paid for with a Procurement Card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.

b. A disputed item must be explained with a note on the cardholder's Statement of Account before the statement is forwarded to the Purchasing Department for payment.

c. It is essential that the time frames and documentation requirements established by the Procurement Card issuer be followed to protect the cardholder's rights in dispute. Dispute policies and procedures issued by the Procurement Card issuer will be provided at the time Procurement Cards are issued to cardholders.

8. Review of Purchases by Departments

a. Because of their knowledge of the job responsibilities and requirements, department supervisory representatives are required to review each Procurement Card expenditure (item purchased, amount and vendor) to ensure the goods or services were necessary and for official use.

b. When purchases are questioned, the Department Head or designee will be responsible for resolving the issue with the cardholder. If the Department Head cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide either a credit voucher proving the item(s) were returned for credit or a personal check for the full amount of the purchase. Checks must be sent to the Finance Department with an explanation and account number.

c. Serious or repeated misuse of the Procurement Card will result in the revocation of the card. Employees incorrectly using their Procurement Card may be subject to disciplinary action.

d. To help the Departments in their review, management reports may be provided by the Procurement Card Company by contacting the Procurement Card Administrator.

SECTION V – PURCHASING PROCEDURES

A. GENERAL PROCEDURES

All goods, supplies and services purchased for the City shall conform to the following procedures. Anyone found to have violated these procedures may be subject to appropriate disciplinary action as described in the City's Policies and Procedures Handbook.

1. All purchases (total requisition) for goods and services amounting to less than \$10,000.00 shall be made by obtaining a price from a qualified vendor and submitting a requisition. It is the responsibility of all employees making purchases to rotate purchases among qualified vendors when repeated small purchases are made.
2. All budgeted purchases or line items of a single purchase order between \$10,000.00 and \$49,999.99 shall require three (3) documented price quotes from solicited suppliers. Explain circumstances fully if less than three (3) quotes were obtained. Special circumstances that could fall under emergency purchase or sole source guidelines may necessitate less than three prices. This must be approved by the Purchasing Manager.
3. Purchases of items greater than \$49,999.99 must be advertised for bid/proposal, but can be made by direct vendor solicitation if approved by the Purchasing Manager. In the event there is only a single source of supply and the cost exceeds \$49,999.99, the Purchasing Manager is authorized to negotiate an open market order on terms most advantageous to the City.

B. PURCHASE REQUISITIONS

1. The requisition form is completed electronically.
2. The departmental members with authorization will approve the requisition electronically.
3. Each purchase requisition must contain the following:
 - a. Name of using agency,
 - b. Date prepared,
 - c. Proper budget account number to be charged,
 - d. Name, complete address, phone number, fax number, and contact name for vendor selected. If the vendor is in the system already, enter the vendor name. If the vendor is new, please forward all information to the Purchasing Administrative Assistant so that a vendor file may be created. If the Purchasing Department is soliciting vendors, leave this field blank.
 - e. Reason for purchase (what specific job or department or individual that the purchase relates to and the reason for the purchase, if not obvious).
Examples:
Lumber.....Reason: shed construction at McCurdy Field
Adding Machine...Reason: replacement for Acct. Clerk Doe
*Be specific, so an auditor is able to find the item.
4. A complete description of goods or services ordered must be given. If the requisition is for a replacement item or a "trade-in", the model and serial number of the original item should be included, and location where it may be inspected.
5. Quantity of each item ordered and price is to be listed. An estimate can be used if the Purchasing Department will be soliciting the prices. List the unit price if more than one line item is being purchased.
6. Delivery date, if of primary importance to the using agency.

7. Delivery point. If delivery point is desired other than the using agency, indicate the name of a specific responsible person at the delivery point and coordinate receiving with them.

8. Pertinent special instructions, including delivery dates, warranty information; City contact person /department and date of approval by the City should all be entered in the comments.

9. Capital outlay items are those with a single value of \$5,000.00 or more and have a life expectancy of 3 years or more. These items are to be budgeted specifically in the capital outlay expense category. If it is deemed necessary by the Department Head that a purchase of an item that has not been previously approved and line itemed in the capital outlay budget, the Department Head must submit a budget transfer, justification and all supporting documents for the purchase to the Director of Budget and Purchasing for approval.

If a capital outlay item has been previously approved through the budget process by the Mayor and Board of Aldermen, it shall not be necessary to revisit approval of purchase of the capital outlay item, as long as the purchase price is not greater than approved dollars budgeted.

C. STOCK REQUISITIONS FROM CITY INVENTORY

When requisitions are used for inventory purchases, the same steps as above will be followed.

D. REQUISITION PROCEDURE

Purpose:

To establish guidelines for the completion and timely processing of Purchase Order Requisitions. The authorized requisition assures that a source of funding has been identified prior to the initiation of the purchasing cycle.

General Scope:

1. Following are detailed procedures to be followed when implementing a request for the purchase of equipment, materials, services, supplies, etc. The requesting department shall prepare the approved purchase requisition electronically for processing.

2. The electronic purchase requisition is designed to contain all necessary information. The processing of the purchase requisition by the Purchasing Manager or Purchasing Department Buyer serves to create the formal purchase order, which is the contractual commitment between the supplier and the City.

3. Goods and services shall be requisitioned and ordered on electronic purchase requisition entry, with the exception of those purchases made by direct payment voucher. The ordering departments are to complete all areas of the requisition.

4. Exceptions –There can be exceptions, the following are examples:

- a. Emergency situations that happen after business hours.
- b. Situations which create impairment to public health, welfare, and/or safety.
- c. P-Card purchases, which are done without encumbrance and coded post-purchase. Departments are responsible for monitoring their own budgets and ensuring funds will be available for these purchases.

5. Funding – Departments will determine that they have adequate funds to sustain the cost of any services or items they may requisition/purchase. Requisitions not having sufficient funding will be returned to the requesting department for further action. The authorizing signature (electronic approval) of the department will indicate to the Purchasing Department that the approver is attesting to these facts, and to the accuracy of all entries on the purchasing requisition.

6. Authorization – Departments shall contact the Finance Department to request accounting software authorization for any person they designate as authorized to execute purchase requisitions for their department.

7. Incomplete Requisitions – The Purchasing Department will return any purchase requisition that is incomplete, or unauthorized.

8. Requisition Quotation Form – The Department and/or Purchasing Manager/Purchasing Buyer responsible for the procurement will document responses from multiple sources for the bids, proposals, and/or quotations on the Requisition Quotation Form and attach them (scan) to the electronic requisition.

E. INSTRUCTIONS FOR COMPLETING REQUISITIONS

The requisition may be tracked using the requisition number. Always be specific in defining the estimated date required for delivery of requested materials. Avoid the term ASAP (as soon as possible). This will assist the Purchasing Manager and Purchasing Buyer in determining priorities regarding delivery requirements. Always allow as much lead-time as practical by scheduling your needs as far as possible in advance. This allows the Purchasing Department adequate time to receive competitive bids and to purchase required materials/items in the best and most efficient manner for the City.

1. Date – The date the purchasing requisition was prepared.
2. Delivery Date Desired – Specific date that the goods or services requested are needed.
3. Department – Enter the department name, as well as, the name and phone number of the individual to be contacted pertaining to the goods or services requested.
4. Deliver To – All deliveries will be shipped directly to Central Purchasing unless it is deemed necessary to be shipped to the worksite (such as road projects, etc.).
5. Purpose/Justification – Enter purpose for which material and services are requested.
6. Suggested Vendor – The requestor’s suggested or known source or vendor.
7. Quantity – Insert the number of items required.
8. Unit – Unit of purchase; the specific quantity and unit of measure (e.g. case, each, etc.).
9. Item (Description) – Give a clear and specific description of the item desired. Include such information as the size, color, type, grade, part number, model number, etc. Do not generalize.
10. Unit cost of item(s) – Price for one unit of the item.

F. REQUISITION PROCESSING AND PRIORITIES

Prior to processing, the Purchasing Department will review requisitions to insure sufficient information is included. Incomplete or inaccurate requisitions will be returned with an indication of the required information.

The Purchasing Manager and their designees have the right and the duty to question any item(s) on a requisition that can be considered unnecessary and/or unreasonable. The Purchasing Manager does not have the authority to refuse to purchase the item(s) requisitioned unless funds are insufficient in the budget. However, if the Purchasing Manager does question an item(s) on the requisition, they will first request the Department Head to further substantiate the validity of the purchase. If the Purchasing Manager remains unsatisfied with the explanation due to a sincere difference of opinion, the matter will then be brought to the attention of the Director of Budget and Purchasing who may, at their discretion, present the issue to the Purchasing Committee for a final decision.

Purpose:

To establish guidelines for the timely processing of purchase requisitions.

Scope:

This procedure applies to purchases.

General:

These guidelines are established to assist the departments and Purchasing Buyers in establishing priorities.

1. Emergency Requisitions.....Processed the same day
2. Maintenance, Repair and Operation Requisitions.....Processed within one (1) to three (3) days
3. Stock/Inventory Requisitions.....Processed within one (1) to three (3) days
4. Informal Bids, such as:
Telephone/email/fax quotes.Processed within one (1) week
(if the Purchasing Department is obtaining the quotation)
5. Formal Bids/Proposals, such as:
Invitation to Bid, Request for Proposal, Request for Qualification, Request for Expression of Interest.....Processed into solicitations within two (2) weeks

Requisitioners shall submit a complete requisition as generally outlined in the Purchasing Requisition Procedure. Requisitioners shall consider the processing priorities and submit requisitions in a timely manner.

The Purchasing Department will return any purchase requisition that is incomplete, has insufficient available funds, or is entered by an unauthorized person.

G. REQUISITION PROCESSING DELAY DOCUMENTATION

Purpose:

To establish procedures for dealing with purchase delays.

Scope:

This procedure applies to purchases.

General:

Delays occur in the processing of purchase requisitions. Typical reasons for such delays are as follows:

1. Poorly written requisitions, such as deficient scope of work.
2. Difficulty in sourcing a vendor or outsourcing services.
3. Wrong account number.
4. Delay by the vendor, for example, backorders.

Procedure:

When processing delays occur, the Purchasing Manager and Purchasing Buyers will adhere to the following procedures:

1. Advise department requisitioners by email or phone, discussing the reason(s) for delay and provide projection of when the requisition will be processed.
2. Discuss incomplete requisition with requisitioners, for example, poorly written scope of work, no delivery date provided, insufficient funds, or anything that a brief conversation may resolve. Serious deficiencies may result in returning requisition to the department for correction and re-submission.

3. Delays from the Purchasing Manager will sometimes occur. In cases, where “Requisition Processing Priorities” as outlined in the procedure, are not met, the Purchasing Manager will immediately notify the requisitioner either by phone or email.

H. REQUISITION APPROVAL AND SIGNING AUTHORITY

Purchase Requisitions, Contracts or Agreements that obligate the City to pay for a service or product will be approved and signed by the Purchasing Manager, Director of Budget and Purchasing, Finance Director or Mayor, or their designees.

For Purchase Requisitions, Contracts or Agreements over \$49,999.99, the solicitation document along with all backup, shall be submitted to the Purchasing Manager for review. The item with supporting material shall be placed on a public meeting agenda for approval by the Mayor and Board of Aldermen. Please note that all purchasing requests, including those on the Consent Agenda, must go through the Purchasing Department first. The Purchasing Department is responsible to see that such requests are submitted for review by the Legal Department.

I. PURCHASE ORDER PROCEDURE

Purchase orders are to be prepared as follows by the Purchasing Department:

Purpose:

To establish a procedure for the issuance of purchase orders.

Scope:

All purchase orders shall be prepared from a properly completed purchase requisition. The purchase requisition is designed to contain all of the necessary information and approvals relevant to the processing of the procurement within the City. The completion of the purchase requisition is the principal document used to prepare a formal purchase order.

Purchase orders shall be prepared under the following conditions:

1. After the award and execution of a Contract/Agreement and/or the decision to award and/or a request to order has been made, the purchase requisition is processed and a purchase order is generated to encumber the funds for the purchase.
2. The purchase order will be retained electronically and distributed (typically via email) to the vendor and/or requesting department.

The purchase order is used as a written order to a vendor and may be either an original order or in preapproved circumstances may confirm a verbal order. This form shall also serve as a written change order.

The form is generated electronically from the information supplied on a properly completed purchase requisition as follows:

Purchase Order Number – Purchase order number assigned by the accounting software.

Vendor Number – Vendor number assigned by accounting software.

Requisition Number – Purchase requisition number generated by the accounting software.

Vendor – Name and address of vendor.

Buyer – Name of the purchasing buyer responsible for the transaction.

Contact – Name of the vendors representative who quoted.

Term – Specific payment terms (e.g. net 30 days).

Purchase Order Date – Date the purchase order is issued.

Required Date – Date goods and/or service are to be delivered.

Ship to – Specific location where shipment is to be delivered if other than Central Purchasing.

Phone Number – Phone number of the vendor’s representative who provided quote.

Freight – Specific information in selecting options such as pick-up, a particular freight carrier, best way, etc.; any shipping charges to be added.

Item Number – Line item number, i.e. 1, 2, 3, etc.

Quantity – Specific quantities and unit of measure criteria.

Vendor Product Number – Specific information about a manufacturer’s part number.

Commodity Code – Specific numbers designed to list commodities or services by classes or subclasses.

Unit Price – Unit price quoted by vendor.

Extended Price – Actual extended value (quantity times unit price).

Project – Actual project, if applicable, from which money is being encumbered.

Authorized Approvals - Electronic approval by department head or their designee(s).

Other Desirable Information:

1. Warranty provisions, if applicable.
2. Indication of items for which a credit could result in the future. An example is a returnable shipping container such as a drum or canister.
3. Contracts for services - format for these contracts shall contain provisions concerning:
 - a. The scope of work.
 - b. The period of performance.
 - c. Basis of payment.
 - d. Method of payment.
 - e. Reports to be submitted.
 - f. Subcontracting.
 - g. Termination of contract.
 - h. Drawings.
 - i. Designs.
 - j. Specifications, etc.

k. Responsibility for property loss or damage and personal injury or death.

l. Required insurance coverage.

m. Release of confidential information, etc.

n. All applicable legal and constitutional requirements.

J. PURCHASE ORDER DISTRIBUTION

Distribution of the purchase order in electronic form will be as follows: a copy is sent to the vendor and, if requested, to the originating department. The original is permanently maintained in the accounting software.

K. CHANGE/CANCELLATION OF A PURCHASE ORDER

1. Change/cancellation requested by vendor. - The vendor must submit a written request for a change or cancellation of a purchase order that must be approved by the Purchasing Manager after consulting with the requesting party. Changes are submitted through the requisition process.

2. Change/cancellation by the City. - The City may change or cancel a purchase order at any time, as long as the change or cancellation is legally permitted.

L. CHANGE ORDER

Scope:

This procedure applies to change orders that are processed through the Purchasing Department.

Purpose:

To establish procedures for processing change orders.

1. Change orders are to be processed for changes that affect the original purchase order amount by increase or decrease of quantity or pricing and shall be submitted electronically to the Purchasing Department. The requesting department shall prepare a requisition and state it is for a change order showing the adjustment to be made and the purchase order involved.

2. Change Orders will also be required to alter, adjust, revise, terminate or cancel a purchase order.

3. Change Orders will require the same approvals as were required for the original purchase order in accordance with the Purchasing Procedure.

4. Change Orders must state the reason for the change.

Procedure:

Change Orders that have sufficient operating or project budget and that are less than \$50,000 shall be approved by the City Project/Contract Manager, the Director of Budget and Purchasing, Purchasing Manager, Director of Public Works and the Mayor, using an appropriate Change Order Form.

Change Orders of \$50,000 or more, or exceeding the budget (along with a contract amendment, if applicable), shall be approved by the Board of Aldermen at a regular public meeting. Once this process has been completed a requisition is to be entered electronically indicating the nature of the change order, listing the existing purchase order to be amended and submitting the signed/approved change order form to Purchasing for back-up of the amendment to the Purchase Order. A Change Order Form is included as Attachment 5.

M. RECEIVING RESPONSIBILITY

The Purchasing Department is responsible for verifying the receipt of goods/services prior to payment of an invoice. Upon receipt at another department, forward the shipping receipt to the Purchasing Department with a note approving the payment.

N. QUALIFICATION BASED SELECTION (REQUEST FOR QUALIFICATIONS – RFQ, REQUEST FOR PROPOSAL - RFP)

Professional service contracts may be based upon Qualification-Based Selection (RFQ) or Request for Proposal (RFP). The methods for selecting firms shall generally consist of:

The RFQ process usually includes all or part of the following steps:

1. The requesting agency identifies the general scope of work and project definition.
2. A schedule for selecting a consultant/professional is established.
3. The Purchasing Department calls for Statements of Qualifications (SOQs).
4. Statements of Qualifications are received and evaluated based on pre-established criteria.
5. Interviews may be conducted.
6. The City negotiates scope of services, fees/expenses, and payment schedules with the top-ranked firm. (If an agreement cannot be reached with the top-ranked firm, those negotiations are ended and negotiations begin with the second-ranked firm, and so on down the list until an agreement is reached.)
7. An agreement is prepared.
8. An award recommendation is made to the Board of Aldermen.
9. All firms involved are informed of the outcome after the selection has been made.

O. LONG STANDING RELATIONSHIPS

The City reserves the right to maintain certain long-standing relationships without requiring a competitive solicitation for selection. Examples would include Appraiser, Attorney, Auditor, Bond Counsel, Broker, Insurance Agent and others. Generally, there should be some reasonable justification for maintaining a long-standing relationship. For example, a long-standing relationship with a bond counsel firm and an individual attorney within that firm is in the best interest of the City. In a good working relationship, the bond counsel becomes intimately familiar with the financial workings of the City, and can offer many helpful suggestions beyond the simple structuring and marketing of a bond issue. The Director of Budget and Purchasing shall maintain a list of all long standing professional relationships. These relationships shall be reviewed on a case-by-case basis annually to review reasonableness and competitive quality and pricing.

P. EMERGENCY PURCHASES

An emergency shall exist when a breakdown in machinery and/or a threatened termination of essential services or a dangerous condition develops, or when unforeseen circumstances arise causing curtailment or diminution of an essential service.

1. If an emergency occurs during regular City business hours, the using agency shall immediately notify the Purchasing Manager, who shall either purchase the required goods or services or authorize the using agency to do so.
2. If an emergency occurs at times other than regular business hours, the using agency may directly purchase the goods or services required. The agency shall also, not later than the next regular business day, submit to the Purchasing

Manager a requisition; a tabulation of bids received; a copy of the delivery record; and an explanation of the circumstances concerning the emergency transaction.

3. A complete, current file record shall be maintained by the Purchasing Manager explaining and supporting the particular basis upon which each emergency purchase order was issued. Such records shall be available for public inspection upon written request to the Director of Budget and Purchasing.

4. Manmade emergencies, through neglect, must be avoided.

5. It shall be the responsibility of the respective agency and the Purchasing Department to reduce the practice of making emergency purchases to a minimum. The use of an emergency purchase to circumvent normal purchasing procedures will not be permitted. Violations or abuse of the emergency procedures identified by the Director of Budget and Purchasing may result in appropriate disciplinary action as described in The City of Frederick Employees Policies and Procedures Handbook.

Q. BUDGETARY GUIDELINES RELATED TO PURCHASING

The Supervisor/Superintendent/Manager level and above, responsible for a given department's budget, shall have the authority to transfer budget dollars between any of the expenditure accounts from object of expenditure 5310000 through 5640000 (excluding 5390000, items purchased for resale). An Intradepartmental Budget Transfer Form should be completed, signed and forwarded to the Finance Department. Allow enough time for the paperwork to be completed by the Finance Department and for the computer to reflect the new budget balances before requesting a purchase from an overdrawn expenditure account.

All transfer requests in any other expenditure accounts as well as all interdepartmental transfers (from one department to another) shall be made in accordance with the following:

1. Transfers totaling under \$50,000.00 shall be submitted to the Mayor for approval.
2. Transfers totaling \$50,000.00 and over shall be submitted to the Mayor and Board of Aldermen for approval.

SECTION VI – BIDDING PROCEDURES

A. TERMS

1. A “**responsible bidder**” is one who submits a responsive bid (a solicited bid that is determined to be in substantial conformance with the conditions, completion or delivery requirements, and specifications detailed in the invitation-to-bid (ITB), request for proposals (RFP), request for quotations (RFQ), or request for tenders) and who has furnished, when requested, information and data to prove that his financial resources, production or service facilities, service reputation and experience are adequate to make satisfactory delivery of the supplies, materials, equipment or contractual services on which he bids and who has not violated or attempted to violate any provision of these regulations. The responsible bidder will have satisfied all terms of the Invitation to Bid (ITB) prior to award of the contract.
2. The **bid review committee** is headed by the Purchasing Manager and certain other staff members who have expertise related to the bid subject. The committee shall convene when appropriate, but usually prior to the advertisement of a bid, at the pre-bid conference, if applicable, and prior to the award of the bid by the Mayor and Board of Aldermen.
3. A **bidder’s list** will not be maintained by the City. Notification of available bids may be made by invitation, on the City website, or through advertising in a newspaper of general circulation in Frederick County, trade journals or other publications.

B. FORMAL COMPETITIVE BID - GENERAL

1. All purchases, contracts for goods or services (except as otherwise noted in this policy) that cost \$50,000.00 or more shall be made by formal competitive bidding.
2. The intention of formal competitive bidding procedures is the determination and selection of the lowest responsive, responsible bidder.
3. In a formal competitive bid, the Purchasing Manager or their designee shall be responsible to determine the amount and type, if any, of a surety.
4. When a successful bidder fails to execute a contract after the stipulated time, his bid deposit may be taken and considered as liquidated damages, and not as a penalty for failure to execute the contract. Upon the proper execution of the contract by the successful bidder his bid deposit shall be returned to him.
5. Bidders may withdraw proposals and resubmit them before the bid opening.
6. Alternate bids may be allowed if stated in the ITB.
7. The Purchasing Manager may waive formalities in bids if such action is considered to be in the best interest of the City.

C. FORMAL COMPETITIVE SEALED PROPOSALS/COMPETITIVE NEGOTIATION

The system of formal competitive sealed proposals is used to select the firm submitting the highest rated responsive and responsible proposal. Competitive negotiation is used to select the firm submitting the most advantageous proposal.

Formal Competitive Sealed Proposals is the preferred method for the procurement of most services other than construction when competitive sealed bidding (ITB) cannot be used because:

1. Specifications cannot be prepared that would permit an award based solely on price, or
2. Competitive sealed bidding (ITB) is not practical or is not advantageous to the City and price is not the sole or most important criteria to be utilized in developing a contract.

The request for proposals shall include:

- a. Information concerning submission requirements of the proposal including time, date, and place for the submission of proposals.
- b. The evaluation factors and an indication of the relative importance of each factor, including price.
- c. A work statement or scope of services statement, performance requirements, project schedule, and any special requirements and/or instructions.
- d. A statement that negotiations may be conducted if Competitive Negotiation is selected as the type of procurement.
- e. A statement of how and when price proposals shall be submitted.
- f. A statement that proposals shall be irrevocable for a minimum of ninety (90) days following the closing date for submission of price proposals or the closing date for best and final offers, where requested. The Purchasing Manager may reduce or increase the period if they determine that it is in the best interest of the City, provided that the period is reasonable and is clearly stated in the request for proposals.
- g. A sample agreement containing the City's required contract terms and conditions. (Attachment to the RFP document).
- h. A requirement that receipt of any amendments to the request for proposals be acknowledged by Offerors known by the Purchasing Manager to have been issued, or otherwise to have received, the request for proposals.
- i. Public Notice shall be given unless the firms are short-listed in which case only the short listed firms will be invited to participate. Any proposal, or modification received after the established due date and time shall not be considered. Proposals shall be held securely by the Purchasing Manager until the established due date. At the established time, receipt of proposals and identification of the offeror, may be publicly acknowledged. If receipt and acknowledgement of proposals is public, the Purchasing Manager will prepare a register of proposals that identifies each offeror. If the receipt and opening of the proposals is not public, the Purchasing Manager shall open the proposals in the presence of at least one City employee. They shall prepare a register of proposals that identifies each offeror. It shall not be made public until after an award is made. After award, the proposals shall be open to the public for inspection, unless prohibited by law. The evaluation shall be based on the evaluation factors set forth in the request for proposals and developed from the work statement, the price and the interview, if interviews are held. When more than one proposal has been received for a particular procurement, and Competitive Negotiation is approved, the Purchasing Manager may classify proposals as reasonably susceptible of being selected for award. Offerors being judged by the Purchasing Manager to be not reasonably susceptible for award may be so notified and eliminated from further consideration for award.

3. If competitive negotiation is approved, discussions may be held with two or more of the highest rated "qualified offerors". If multiple awards are anticipated, more offerors may be invited for discussions. Additional offerors invited for discussion will be selected in the order of their evaluated ranking. Qualified offerors include those offerors thought to be responsible who had been initially classified by the Purchasing Manager as being reasonably susceptible of being selected for award. Discussions are held to assure full understanding of the City's requirements and of the qualified offerors proposals and abilities to perform, to obtain the best value cost to the City, and to facilitate agreement on a contract that shall be most advantageous to the City, taking into consideration price and the relevant evaluation factors set forth in the request for proposals.

4. If competitive negotiation is approved, the highest rated offerors shall be accorded fair and equal treatment with respect to any opportunity for discussions, negotiations, and clarifications of proposals. Procedures and schedules shall be established for conducting discussions. If discussions show the need for substantial clarification or change in the request for proposals, the Purchasing Manager shall amend the request for proposal to incorporate the change and

distribute the change to the offerors participating in the discussions. The mutual understanding of the parties on all basic issues shall be the objective of the negotiations.

5. When in the best interest of the City, the Purchasing Manager may permit qualified offerors to revise their initial proposals by submitting best and final offers. The Purchasing Manager shall establish a date and time for the submission of best and final offers. More than one series of best and final offers may be required when the requesting department makes a written determination that is in the best interest of the City to conduct additional discussions or change the requirements and to require another submission of best and final offers. If more than one submission of best and final offers is requested, an offeror's immediate previous offer shall be construed, as its best and final offer unless the offeror submits another best and final offer. Unsolicited best and final offers shall be rejected.

6. The Purchasing Manager, upon the recommendation of the evaluation committee to award a contract to the highest rated responsible offeror, or in competitive negotiation to the most advantageous responsible offer, considering price, and the evaluation factors set forth in the request for proposal, will award the contract if they concur and it is within their authority to do so, or will forward and present an action item to the Mayor and Board of Aldermen for award.

7. After an award is made, notice of the award will be executed by the Purchasing Department.

D. FORMAL COMPETITIVE INVITATION TO BID

1. Bids shall be submitted in a sealed envelope to the Purchasing Department and show the name of the particular bid and the contract number.

2. Except when proprietary information is involved, all formal bids shall be opened publicly in the presence of the Purchasing Manager or their designee, at the stated time, place and date. The Purchasing Manager shall announce each bidder by name and the amount of the bid. The announced amount of the bid will be given without analysis of the bid and therefore shall be used by the public only as a general guideline. Later, a more detailed analysis of the bids will be conducted to determine the most favorable bid. Bids will be date/time stamped when received. No bids will be accepted after the stated deadline. A department review committee, if requested by the Purchasing Department, will review the bids after the bid opening.

3. A tabulation of all bids received shall be public information, posted on the Purchasing Web site and kept as a permanent record in the Purchasing Department with the bid file.

4. The Project Manager will provide his recommendation to the Mayor and Board of Aldermen.

5. After the formal bid award, bid bonds will be returned to the bidders who were not selected, with notification of the selected bidder.

6. The Purchasing Department shall be responsible for having all necessary contract and supporting documents contained in the bid package completed and signed by all parties. All original bid documents will become the responsibility of, and be centrally located in, the Purchasing Department.

7. Selected bidder will have his bid bond returned after the receipt of the goods or services. However, if a performance bond is required, the bid bond will only be held until the performance bond or other surety is received by the Purchasing Department.

SECTION VII – PROPERTY ACCOUNTABILITY

A. CATEGORIES

1. Real Estate and Improvements

All land and structures are to be placed in this category. The Finance Department and the Director of Budget and Purchasing will maintain these records. All items in this category will be appraised at five-year intervals. Assessment figures will be checked in the interim years. These purchases are budgeted in the capital categories of either a department's operating budget or in the Capital Improvement Program.

2. Capital Outlay

Capital Outlay are those assets purchased by the City having a utility which extends at least three years and estimated to be valued at or in excess of \$5,000.00.

3. Supplies

Items with a purchase cost of less than \$5,000.00 shall be recorded as supply purchases in account number 5310100. There will be no differentiation between varieties of supplies in the accounts. For a detailed breakdown of your supply purchases, run commodity reports.

B. RESPONSIBILITY

1. Supervision of property accountability and inventory control shall come under the jurisdiction of the Accounting Manager. A comprehensive inventory maintained by the Finance Department shall be kept and recorded, setting out quantity, building location and full description for identification, including model number and serial number, and establish monetary value and/or price for each item.

2. Each Department Head will assign an individual from their department to act as a coordinator to maintain and control that department's property inventory record.

3. Annually, the Finance Department will produce a Correctable Property Accountability Listing, by department, type code, and property number for all listed assets (those \$5,000.00 and over). Each Department Head shall receive the list of property assigned to their department and is responsible to check it for accuracy.

4. Differences are to be reported to Finance directly on the Correctable Listing (in red ink) or on the Property Transfer Form (if applicable) and the necessary adjustments will be made by Finance.

5. It is also the Department Head's responsibility to maintain a record of all of the department's property with purchase costs under \$5,000.00.

C. ACCOUNTABILITY AND INSPECTIONS

1. Each Department Head shall be held responsible for all property assigned to their department.

2. No capital outlay-type property can be removed from an assigned department without written authority from the Department Head or their designee.

3. As deemed necessary, a representative of the Finance Department will visit a department to ensure that all property assigned to that department is accounted for, that proper records are being maintained, that the property is being kept in good condition and that it is in use.

D. PROPERTY - SURPLUS, OBSOLETE AND WASTE ITEMS

1. The Department Head shall have the sole authority to transfer or dispose of surplus, obsolete and waste articles with an original value less than \$5,000. If it is determined that the surplus, obsolete and waste article may hold potential value to another City department, the Department Head or designee shall circulate an email to other City departments to see who might be able to use the item. When a final determination is made that a surplus, obsolete and waste article is beyond use and of no value, it shall be disposed of in accordance with all applicable laws.
2. The Purchasing Manager shall have the sole authority to transfer or dispose of surplus, obsolete and waste articles with an original value of \$5,000 or more. When a using department has determined that a commodity is beyond further use to the department and had an original value of \$5,000.00 or more it shall notify the Purchasing Manager by filling out the Property Transfer Form (Attachment 3). The Purchasing Manager or designee will proceed to dispose of the items as soon as practicable.
3. The Property Transfer Form (Attachment 3) must also be used when items with an original value of \$5,000 or more are transferred from one department to another, traded-in on new merchandise, or disposed of in any manner whatsoever. This includes all scrap, junk and obsolete items.

E. SURPLUS PERSONAL PROPERTY ELIGIBLE FOR DONATION

The purpose of this policy is to set forth guidelines for donations of surplus personal City property. This policy does not apply to the donation of surplus real property.

1. The Department Head, with concurrence by the Purchasing Manager, has the authority to approve the donation of surplus personal property with an estimated value of less than \$10,000 in accordance with this section.
2. The Mayor has the authority to approve the donation of surplus personal property with an estimated value of \$10,000 or higher in accordance with this section.
3. The decision to donate surplus personal property must be based upon a determination that the potential benefits received by City residents through donation of the surplus personal property to an eligible organization outweigh the potential fiscal benefit of selling the surplus personal property.
4. Priority shall be given to organizations on the basis of how the donation of surplus personal property will benefit City residents. In general, preference should be given to governmental agencies and volunteer fire departments over non-profit organizations.
5. Pursuant to Internal Revenue Code Section 501(c)(3), non-profit organizations that receive a donation must also meet one of the following criteria:
 - a. The non-profit organization currently provides a service that complements or serves a common client base of an existing City program; or
 - b. The donation furthers a special project or geographically focused City effort or benefits a particular group such as the elderly, low income families, the homeless population, or any group or community the City wishes to provide assistance to.
6. The Property Transfer Form (Attachment 3) must be utilized for all donated property.
7. All donations pursuant to this section shall be without warranty, express or implied, and the transferee shall agree to defend, indemnify and hold harmless the City, its officers and employees, from any claim, cause of action, damage, loss or liability arising out of the condition of the property or its use by the organization or subsequent transferee.

Section VIII – Travel Regulations and Expense Reports

A. GENERAL TRAVEL POLICIES

1. All employees and/or representatives of the City traveling on official business are expected to exercise the same care in incurring expenses as they would if traveling on personal business at their own expense.
2. Only employees and representatives of the City will be reimbursed for expenditures while on official City business. This does not include spouses, children, etc.
3. City employees will be reimbursed for expenditures while on official City business when the expenditures have been incurred in accordance with these regulations.
4. The City reserves the right to refuse payment on items or amounts that it considers extravagant or personal in nature.
5. No reimbursement shall be made for the payment of fines or traffic violations.

B. TRAVEL BY CITY AND PRIVATE VEHICLES

1. Travel by City vehicles is encouraged. Length of trip, time spent traveling and cost of traveling should be considered in determining mode of travel. Mode of travel should be determined by the Department Head.
2. Gasoline and oil for all City vehicles must be obtained at City facilities, unless an emergency prevails or on an extended trip.
3. Employees will be reimbursed at the current Internal Revenue Service (IRS) mileage allowance for authorized travel in a private vehicle. The Finance Department will notify Department Heads when the mileage allowance is changed. In theory, the IRS mileage rate is calculated based on normal expenses for gas, oil, standard periodic repairs and insurance. One thing to note: When an employee uses his/her personal vehicle on City business, they remain covered by the City's liability and workers compensation insurance. They are not covered by the City's automobile insurance.
4. City vehicles shall be used only by City employees or representatives of the City in performing their prescribed duties. No City vehicle is to be used for travel from home to work or vice versa except upon written authorization by the Director of the Department and concurrence of the Mayor.
5. Overnight parking, tolls and daytime parking fees are reimbursable on overnight trips. Daytime parking fees during authorized trips outside of Frederick City are reimbursable. Reimbursements for parking meter fees within the City limits are not permitted.
6. Traffic tickets or parking violations, incurred by a City employee, whether operating a City vehicle or a private vehicle, are the responsibility of the individual and not the City.

C. TRAVEL BY PUBLIC TRANSPORTATION

1. Travel must be made by the least expensive, most practical direct route.
2. The employee will be reimbursed the actual fare of public transportation. Round-trip tickets should be purchased and used whenever possible.
3. When traveling by plane, Economy Class tickets shall be obtained whenever possible.
4. When traveling by train, coach rates should be used unless the trip is overnight. Roomette fares are allowed for overnight travel.

5. Taxis, streetcars and bus fares are reimbursable only when incurred on official business.
6. Car rental is not considered necessary where there are airport shuttles and taxis. Approval for an exception must be obtained from the Purchasing Manager or designee.

D. CONFERENCE AND OVERNIGHT TRAVEL

1. On official travel that will require an employee to be out of the City overnight, approval must be obtained from the Department Head.
2. A per diem allowance applies to overnight official business trips: (a) breakfast \$8.00; (b) lunch \$12.00; and (c) dinner \$20.00 for a total of \$40.00. Meals provided as part of an out of town conference or training event are not reimbursable.
3. If the conference takes place during normal working hours, out of the local Frederick area, the \$12.00 lunch allowance will be allowed. Conferences and training held within the City and immediate area are not eligible for meal reimbursement.
4. Documentary evidence, such as receipts, tickets or paid bills are required to support expenditures for:
 - a. Lodging and traveling.
 - b. Transportation charges, except mileage allowance.
 - c. Expenditures in excess of \$5.00. It is not necessary to document tolls, etc., under \$5.00. Expenditures over \$5.00 must include sufficient information to establish the amount, date, place, and essential character of the expenditure.
5. All approved requests for reimbursement should be submitted to the Finance Department on an expense report form, accompanied by a copy of the conference agenda, if applicable.

ATTACHMENT 1

DISADVANTAGED BUSINESS ENTERPRISE PROGRAM REQUIREMENT

All bidders shall make good faith efforts to subcontract a portion of the prime contract to small business concerns owned and controlled by socially and economically disadvantaged individuals (i.e. DBEs) as required by the City of Frederick Disadvantaged Business Enterprise (DBE) Plan. In the event that the bidder for this solicitation qualifies as a DBE, this effort shall be deemed to have been met. Individuals who are unquestionably presumed to be socially and economically disadvantaged include Women, African-Americans, Hispanics, Native Americans, Asian-Pacific Americans, and Asian-Indian Americans. The apparent successful competitor will be required to submit information concerning the DBEs who will participate in this contract. The information will include the names and address of each DBE, a description of the work to be performed by each firm, and the dollar value of the contract. If the bidder fails to provide DBE participation in the contract, documentation will be required from the bidder demonstrating that good faith efforts were attempted by the bidder. This information must be provided on a Disadvantaged Business Enterprise Participation Form. In addition, the bidder must complete and provide a City of Frederick Affirmative Action Data Form with its bid. A bid that fails to meet these requirements will be considered nonresponsive.

1. POLICY STATEMENT

The City of Frederick recognizes the importance and responsibility of awarding contracts to those businesses socially and/or economically disadvantaged and it is the policy of the City to utilize Disadvantaged Business Enterprises in all aspects of contracting.

This commitment is clarified in the following procedural plan, and this plan will be published in its entirety to the community and businesses.

2. DESIGNATION OF SPONSOR'S LIAISON OFFICER

The following person has been assigned the responsibility to develop, manage, and implement the Disadvantaged Business Enterprise Plan:

Purchasing Manager
City of Frederick Purchasing Department
111 Airport Drive East
Frederick, Maryland 21701

3. LIST OF PROCEDURES TO BE IMPLEMENTED TO INVITE PARTICIPATION AND ENSURE AN OPPORTUNITY TO DISADVANTAGED BUSINESS ENTERPRISES

- Invite attendance and participation by Disadvantaged Business Enterprises (hereinafter "DBEs") at "How to do Business with the City of Frederick" seminars
- Distribute "How to do Business with the City of Frederick" Brochures to DBEs

- Invite attendance and participation by DBEs at pre-bid meetings
 - Advertise twenty (20) days, more or less, before bids or proposals are requested
 - Provide written notice to DBEs that their interest in a proposed contract is solicited
 - Maintain a list of DBEs to be contacted
- Provide DBEs with notice of all publicly advertised competitively bid contracts if the contract is within the specialty area of the DBE
- Provide DBEs with information on plans and specifications as provided to all bidders
 - Offer assistance in obtaining bonding and insurance requirements, which shall include providing information to DBEs as to companies and/or businesses to provide bonding and insurance for DBEs
 - Prepare annual report for the Mayor and Board of Aldermen detailing the results of this Plan.

4. ANNUAL REPORT REVIEW

Annual review shall include, but not to be limited to, regulatory effectiveness, DBE participation, impact, dollar value of contracts awarded to DBEs and compliance. Reports of review findings will be issued after each review. The Mayor shall appoint a review panel to assist in the review of this Plan and the development of reports. The review panel shall include at least one citizen minority representative.

5. POLICY ON THE REQUIREMENT FOR BID BONDS

The City will not require bid bonds for contracts of less than \$20,000.

6. AVAILABILITY OF DISADVANTAGED BUSINESS ENTERPRISE DIRECTORY

An up-to-date DBE directory will be available on the City website and will be provided to all bidders and proposers upon request. Certification of the DBE will be done on a case-by-case basis.

7. PROCEDURES TO DETERMINE ELIGIBILITY OF DISADVANTAGED BUSINESS ENTERPRISES

Proof of MBE/DBE Certification from the State of Maryland will be conclusive of City DBE eligibility.

8. PROCEDURE USED TO REQUIRE CONTRACTORS TO IDENTIFY DISADVANTAGED BUSINESS ENTERPRISES

All bids shall include a Disadvantaged Business Enterprise Regulation Bid Solicitation Form, which is attached hereto.

All bids shall also include a City of Frederick Affirmative Action Data Form, which is attached hereto.

9. SELECTION CRITERIA USED TO ENSURE THAT PRIME CONTRACTS ARE AWARDED TO COMPETITORS WHO INCLUDE DISADVANTAGED BUSINESS ENTERPRISES

Selection will be based on the determination of whether the competitor offering the lowest responsible bid also includes DBE(s) or has demonstrated that good faith efforts were attempted to include DBE(s).

10. METHODS TO REQUIRE SUB-RECIPIENTS, CONTRACTORS, AND SUBCONTRACTORS TO COMPLY WITH DISADVANTAGED BUSINESS ENTERPRISE REQUIREMENTS

The contract agreement will require that the prime contractor make every effort to include DBE(s) in the contract.

If upon review the City, or its representative, determines that any contractor/bidder has not acted in good faith with regard to his/her obligations under this policy, then said contractor/bidder shall be precluded from participation in contracts with the City. However, the non-complying contractor/bidder may be allowed to resume participation in City contracts upon a demonstration of rehabilitative measures that address the specific non-compliance.

11. If a Vendor wishes to be registered with the City as a Disadvantaged Business Enterprise they shall submit all documentation required by the Purchasing Department.

ATTACHMENT 2

THE CITY OF FREDERICK

DEPARTMENT OF FINANCE

CHECK REQUEST

PAYEE INFORMATION				MAIL TO INFORMATION (If Applicable)			
							Date of Request
Payee Name				Mail to Name			
Address				Mail to Address			Date Needed
Address				Mail to Address			
City	State	Zip		Mail to City	Mail to State	Mail to Zip	Pick-up: YES NO
Social Security/Federal ID Number							

ACCOUNT NUMBER							AMOUNT	Account Balance
(Fund)	- (Dept./Div.)	- (Func.)	- (Object)	- (Project)	- (Commodity)			
-								
-								
-								
-								
-								
-								
Total \$							0.00	

PURPOSE:

FINANCE OFFICE USE ONLY				
Vendor Number				Requested by
Special Invoices				
Special Instructions				Department
Budget Review				Approved by: - Supervisor

INSTRUCTIONS FOR FILLING OUT CHECK REQUEST FORM:

Please type or print clearly and complete the form in its entirety.

Before checks can be issued for services rendered, payee must provide its social security or federal identification number.

Submit original copy and keep duplicate for your records.

ATTACHMENT 3

CITY OF FREDERICK Property Transfer Form

ORIGINATING DEPT #: _____ NEW DEPT # (if applicable): _____

DATE: _____

ASSET # (IF APPLICABLE) _____

DISPOSITION TYPE _____

QUANTITY	DESCRIPTION	SALE AMOUNT (if applicable)
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SELECT ONE DISPOSITION TYPES:

- _____ LOST OR STOLEN
- _____ DONATED TO CHARITY
- _____ JUNKED-SCRAP (defined as salvageable materials which are damaged, defective, deteriorated or residue from operations with market value. The value exceeds the selling expense and the materials are sold)
- _____ WASTE (defined as salvageable materials which are damaged, defective, deteriorated or residue from operations with little or no market value. The selling expenses exceed the value and the materials are discarded)
- _____ SOLD
- _____ TRADED
- _____ TRANSFERRED TO ANOTHER DEPARTMENT

DEPARTMENT HEAD SIGNATURE

Original to the Purchasing Department. If item is a fixed asset (original purchase price of \$5,000.00 or greater) copy of this paper work is to be forwarded to the Finance Department.

ATTACHMENT 4

LOCAL VENDOR PREFERENCE QUALIFICATIONS

Pursuant to The City of Frederick Purchasing Policies and Procedures Section III "C", a preference credit of 10%, up to a value of \$3,000,00 shall be granted to a City of Frederick Business and a preference credit of 5%, up to a value of \$1,500.00 shall be granted to a State of Maryland Business when evaluating any competitive solicitation. In order to qualify for this preference, a vendor must meet all of the following criteria:

A. "City Business" means a business entity that (i) For at least one year immediately preceding the issuance of the relevant request for quotes or formal solicitation, has its headquarters, a manufacturing facility, a locally-owned franchise, or an operating branch physically located within the City; (ii) For the most recent tax year, has paid any business tax or real property tax due to the City; and (iii) Will use only subcontractors who meet the criteria of (i) and (ii).

B. "State Business" means a business entity that (i) For at least one year immediately preceding the issuance of the relevant request for quotes or formal solicitation, has its headquarters, a manufacturing facility, a locally-owned franchise, or an operating branch physically located within the State of Maryland; (ii) For the most recent tax year, has paid any business tax or real property tax due to a political subdivision of the State of Maryland; and (iii) Will use only subcontractors who meet the criteria of (i) and (ii).

Vendors claiming local or state preference for any Bid, Price Quote or RFP must submit an Affidavit of Eligibility (see next page) with their bid, quote response or proposal. Submit completed affidavits via mail or fax to the following location:

City of Frederick Procurement
111 Airport Drive East
Frederick, Maryland 21701
Fax: 301-600-3871

For questions or assistance relating to the City's Local preference policy contact the Purchasing Department.

LOCAL VENDOR PREFERENCE
AFFIDAVIT OF ELIGIBILITY

Page 1 of 2

This form is to be completed in its entirety by the prime vendor and submitted along with your Bid, Quote or Proposal. Incomplete forms will be rejected for preference evaluation.

In addition each vendor shall submit on the form provided below the name(s) of major subcontractors the vendor proposes to employ. A major subcontractor is defined as a subcontractor whose subcontract constitutes approximately five (5) percent or more of the total contract price. In order for a vendor to be considered for local preference points all major subcontractors must also qualify. Please fill out a form for each major subcontractor the vendor proposes to employ. Copy this form if additional forms are required and attach as submittals to Proposal. Incomplete forms will be rejected for preference evaluation.

1. LEGAL NAME OF FIRM: _____

Mailing Address:

Physical Address (if different):

2. Year your business was established in the City of Frederick: _____
Year your business was established in the State of Maryland _____

3. Does your business have more than one office in the State of Maryland?
Yes _____ No _____

If Yes, specify the office locations _____

4. Was the local business required to pay business and or real property tax for the most recent tax year?
Yes _____ No _____

If, Yes did the local business pay any of this tax to the City of Frederick ?
Yes _____ No _____

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LOCAL VENDOR PREFERENCE
AFFIDAVIT OF ELIGIBILITY
Page 2 of 2

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Under penalty of perjury, the undersigned states that the forgoing statements are true and correct. The undersigned also acknowledges that any person, firm, corporation or entity intentionally submitting false information to the City of Frederick in an attempt to qualify for a local preference shall be prohibited from bidding on City of Frederick products and services for a period of one (1) year.

Authorized Signature: _____ Date: _____

Printed Name & Title: _____ Phone _____

STATE OF _____, COUNTY OF _____, TO WIT:

I HEREBY CERTIFY that on this _____ day of _____, 20____, before me the Subscriber, a Notary Public in and for the State and County aforesaid, personally appeared _____ (name), as _____ (position) of _____ (company) and he did acknowledge the foregoing instrument to be the act and deed of _____ (company), and that he is duly authorized to make this acknowledgement on its behalf.

Notary Public _____

My Commission Expires: _____

ATTACHMENT 5 CITY OF FREDERICK CHANGE ORDER REQUEST FORM

Bid/RFP No: _____ Date: _____
 Project Location: _____ City Project Mgr.: _____
 Contractor: _____ Engineer: _____
 Account Number _____ CIP Number _____
 Purchase Order Number _____ Change Order # _____
 Change Order Initiated by: _____
 (Name, Title, Firm)

ITEM No.	ITEM & DESCRIPTION OF CHANGES	QTY CHANGE (+/-)	EXTENDED CONTRACT PRICE	
			Decrease	Increase

Additional Contract Time Required by Change: _____, Calendar Days
 Revised Completion Date: _____

Summary of Budget and Contract Value is changed as follows:

Project Budget \$ _____
Original Contract price \$ _____
Contract Price prior to this change order: \$ _____
Net Increase/Decrease resulting from this change order: \$ _____
Contract Price after this change order: \$ _____
Project Budget Balance after this change order \$ _____

JUSTIFICATION:

Recommended, Contract/Project Manager: _____ Date: _____
 Approved, Purchasing Manager: _____ Date: _____
 Approved, Dir. of Public Works: _____ Date: _____
 Approved, Dir. of Budget and Purchasing: _____ Date: _____
 Approved, Mayor: _____ Date: _____

All Change Orders that are requested with this format shall be within and not to exceed CIP budget or \$49,999.99. Any Change Order that exceeds the budget and/or \$49,999.99 must be formally approved by Mayor and Board of Aldermen.

**CITY OF FREDERICK
FIELD CHANGE ORDER**

Field Change: _____

CIPProject# _____ Bid/RFP # _____

Date: _____

Project Manager: _____

Contractor: _____

Contract/Project Name: _____

Request By: _____

It is hereby requested, agreed, and authorized that the following field change(s) in the work required by the contract documents be made:

DESCRIPTION OF CHANGE:

JUSTIFICATION:

Item #	ITEM & DESCRIPTION OF CHANGES	QTY CHANGE (+/-)	EXTENDED CONTRACT PRICE	
			Decrease	Increase
TOTALS				
NET INCREASE/DECREASE				

SUMMARY OF PURCHASE ORDER VALUE:

Current

Revised

Purchase Order # _____	Construction Cost (Line ____)	\$ _____	\$ _____
	Contingency (Line ____)	\$ _____	\$ _____
	Total Approved	\$ _____	\$ _____

<u>UPDATED CONTRACT VALUE</u>	Contract Bid Price	Contingency Allowance	Approved Budget
Project Total Prior to this change			
Net Increase/Decrease to Bid Price from this Change			
Net Increase/Decrease to Contingency Balance from this Change			
Project Balances after this Change			

With this Change, Contract Time has been increased / decreased by _____ days to: _____
Date of Completion

THE ABOVE FIELD CHANGE IS HEREBY APPROVED:

Date: _____

Director of DPW or Designee

**CITY OF FREDERICK
PROFESSIONAL SERVICES AGREEMENT
AMENDMENT REQUEST FORM**

RFQ # _____ CIP Project # _____ Amendment #: _____

Project Description _____

Agreement with: _____

City Project Manager: _____ City Engineer: _____

ITEM No.	ITEM & DESCRIPTION OF CHANGES	QTY CHANGE (+/-)	EXTENDED AGREEMENT PRICE	
			Decrease	Increase

JUSTIFICATION: _____

AGREEMENT COST SUMMARY

Original Agreement Amount:	\$ _____
Total Value of Amendments, to Date:	\$ _____
Increase/Decrease of this Amendment:	\$ _____
New Agreement Amount:	\$ _____
Agreement time increased/decreased by _____ days	
Date of Completion: _____	

CIP PROJECT COST SUMMARY

CIP PROJECT BUDGET BALANCE (as of this date):	\$ _____
THIS AMENDMENT VALUE:	\$ _____
CIP PROJECT BUDGET (after this Amendment)	\$ _____

Recommended, Contract/Project Manager: _____

Date: _____

Approved, Director of Public Works: _____

Date: _____

Approved, Director of Budget / Purchasing: _____

Date: _____

Approved, Mayor: _____

Date: _____

All Change Orders that are requested with this format shall be within and not to exceed CIP budget or \$49,999.99. Any Change Order that exceeds the budget and/or \$49,999.99 must be formally approved by the Mayor and Board of Aldermen.