

# **TOWN OF LITCHFIELD**

## **PURCHASING POLICY**

### **1. INTRODUCTION**

- a) This policy is intended to provide the policies and procedures necessary for the conduct of purchasing activities for the Town of Litchfield. This policy is designed to:
  - i. Encourage maximum competition through fair and equal opportunity to those qualified and interested bidders.
  - ii. Provide a uniform procedure for the procurement of material, equipment, supplies, and services.
  - iii. Ensure that the taxpayers are getting the “best overall value” for their dollars.
  - iv. Apply to all Town Departments under the authority of the Board of Selectmen.

### **2. PURCHASING PROCEDURES**

- a) All purchases require prior approval by the Department Head.
- b) All purchases and expenditures for service shall have a purchase order. The only exception shall be in the case of the Town having a written contract or agreement on file establishing a routine or regular purchase of goods or services;
- c) Purchase orders shall be issued prior to purchase of capital items, goods or services valued greater than or equal to \$3,000.
- d) Some of the factors considered when determining the “best overall value” are:
  - i. Price
  - ii. Quality
  - iii. Warranty
  - iv. Service
  - v. Availability
  - vi. Past Performance with Town of Litchfield
  - vii. References
- e) Throughout this document the authority vested to the Town Administrator may be delegated upwards to the Board of Selectmen in the absence of the Town Administrator;
- f) Bids may not be awarded to the lowest bidder based upon various factors that may weigh against the bidder as detailed in section 2(d) above. In all cases where a bid is not to be awarded to the lowest bidder for capital items, goods or services whose value is greater than or equal to \$3000 the awarding of the bid must be ratified by the Board of Selectmen;
- g) In all cases where the department head is the purchaser of good or services, the purchase order or payment authorization must be signed by the Selectmen’s Representative/liaison to the department or the Town Administrator. In no case, may a single individual perform purchases and authorize their own actions;

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## 3. FOR PURCHASES

Purchases of capital items as well as goods and services are covered by the following sections. In cases where there is a sole source of the materials, goods or services regardless of price, the town administrator must approve the use of that particular vendor.

- a) **Under \$3,000:** Employees are encouraged to secure competitive pricing from multiple sources. Purchases in this category require the approval of the department head prior to the purchase;
- b) **Between \$3,000.00 and \$7,499.99:** Informal written bids from at least three sources must be obtained. Faxed quotations are acceptable. Purchases must be supported by written quotations from vendors and attached to the purchase order prior to approval. Direct solicitation is allowed. Award of purchase requires the approval of the Department head and Town Administrator.
- c) **Over \$7,500.00:** The formal sealed bid is used for major purchases. An invitation to bid must be publicly advertised in the legal paper of record at least fourteen (14) days prior to the date set for opening. Bid specifications require the approval of the Town Administrator. Formal bids must be received sealed and in writing by a posted deadline.

All bids shall be opened before the public at a date, time and place designated in the bid request. The Town Administrator and Department Head shall open all bids under dual control. Late bids will not be accepted after the closure time listed on the Bid documentation. The winning submission must be reviewed by the Town Administrator and Department Head to ensure that the bid complies with the Bid Specification. Contracts awarding the bid to be signed by the Town must be reviewed by Town Counsel prior to presentation to the Board of Selectmen. The award of a purchase contract or a services contract requires the approval of the Board of Selectmen.

If at least three bids are not received the Board of Selectmen may require a re-bid.

## 4. PROFESSIONAL SERVICE CONTRACTS

Either the Request for Proposal (RFP) or the Request for Quotation (RFQ) process (or a combination) may be used. The primary difference between the two processes is that in the RFP process a specific proposal is received and evaluated. The proposal includes a scope of work and a cost proposal. In the RFQ process, Statements of Qualifications (SOQs) are received and selection is made upon those qualifications. In this process, a mutually acceptable scope of work and contract amount is negotiated with the successful bidder.

The RFP/RFQ must be approved by the Town Administrator, must be in writing and must be posted in the town's official posting place, and publicly advertised in the legal paper of record at least fourteen (14) days prior to the date set for opening. Proposals or SOQs must be submitted to the town in a sealed envelope marked with the name of the request as indicated in the instructions.

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Proposals shall be opened before the public at a date, time and place designated in the RFP/SOQ. All proposals shall be opened under dual control by the Town Administrator and Department Head and any other pertinent Town staff. The proposals shall be analyzed (based upon the "best overall value" to the town) and documented including staff recommendation. Award shall be made by the Board of Selectmen including approval of contracts.

### **5. PUBLIC AUCTION**

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

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

### **6. CASES NOT REQUIRING BIDDING PROCEDURE**

The Town Administrator may approve a purchase order without bid under the following conditions:

- a) Item is to be purchased under State or Federal Bid lists
- b) Only one known source of purchase, and there is no comparable substitute product or service; Written documentation supporting the sole source must be provided
- c) Specific type or brand of supply or part necessary for acceptable operation of a machine or device, or as required by warranty or contract on the machine or device; written documentation supporting the purchase of a specific brand or part necessary for acceptable operation of a machine or device must be provided.
- d) An item or service that is required on an emergency basis
- e) An item previously awarded within the past twelve (12) months;

### **7. EMERGENCY PROCUREMENTS**

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

In case of an emergency requiring immediate purchase of materials, supplies, equipment or services, the Town Administrator hereby authorizes the Department Heads to approve such emergency purchase if the situation permits. The Town Administrator shall be notified as soon as possible as to the emergency and the associated purchases. A written determination for the

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basis of the emergency and for the selection of the particular contractor or vendor shall accompany the purchase order and voucher. As soon as is practicable, standard purchasing procedures will be reinstated. Town Administrator will notify the Board of Selectmen of each occurrence.

### **8. ARTIFICIAL DIVISION PROHIBITED**

Purchases shall not be artificially divided so as to create lower purchase amounts and therefore avoid the requirements of this policy. Service contracts or purchases of goods on an open contract must be evaluated based upon the total cost through the life of the contract and the appropriate approvals obtained based upon that total price. Whether or not a proposed purchase constitutes artificial division shall be determined by the Town Administrator.

### **9. EXCEPTIONS**

Exceptions to the policy will be determined on a case-by-case basis by the Board of Selectmen.

### **10. LOCAL ADVANTAGE**

The Town of Litchfield will make every effort to purchase from businesses located within the area if the purchase fits into the category of "best overall value." It must be noted that The Town of Litchfield employees have a responsibility to the taxpayers of the Town to ensure that bids are awarded to vendors offering their products or services at the "best overall value" to the Town.

### **11. CANCELLATION AND REJECTION OF BIDS**

An invitation to bid, request for proposal, or other solicitation may be canceled, or any or all bids or proposals may be rejected, in whole or part, as may be specified in the solicitation when it is in the best interest of the Town. The reasons shall be made part of the formal bid file.

### **12. ETHICS IN PUBLIC PURCHASING AND CONTRACTING**

It shall be unethical for any Town employee involved in making procurement decisions to have personal investments in any business entity that will create a substantial conflict between their private interests and their public duties.

It shall be unethical for any person to offer, give, or agree to give any Town of Litchfield employee, or for any Town of Litchfield employee to solicit, demand, accept, or agree to accept from any vendor or business, a gift or gratuity in any amount in connection with any decision, approval, disapproval, or recommendation concerning a solicitation.

Inexpensive advertising items, bearing the name of a vendor, such as pens, pencils, paper weights, cups, candy, calendars, etc., are not considered articles of value or gifts in relation to this policy.

Failure to comply with the provisions of this policy will result in disciplinary action.

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**13. AUTHORITY**

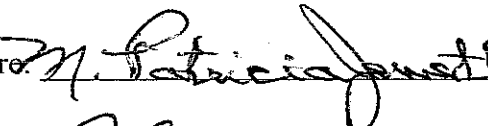
These policies are adopted by the Board of Selectmen in accordance with RSA 31:39 as it relates to their management of the Town's prudential affairs and their authority over expenditures.


**Adopted:**

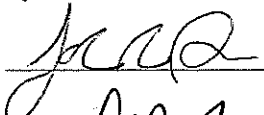
**Effective:** 1 July 2010


**By vote of the Litchfield Board of Selectmen:**

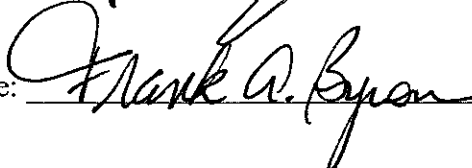
**Signatures of the Board of Selectmen:**

Signature:  Print Name: M. Patricia Sawloff

Signature:  Print Name: Greg Lambert

Signature:  Print Name: John E. Bussell

Signature:  Print Name: Steven Perry

Signature:  Print Name: FRANK A. BYRON