

**TOWN OF NORWICH
PURCHASING POLICY**

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1. GENERAL INFORMATION AND ADMINISTRATION

1.1 This policy shall supersede and replace any and all previously adopted policies pertaining to municipal purchases that may have been in effect prior to the effective date of this policy. This policy may be waived by the Town Manager.

1.2 In the event that any portion of this policy is found to be in violation of federal or state law or inconsistent with any provision applicable thereto, the remainder of this policy shall remain in full force and effect.

1.3 The Town shall not discriminate in its selection of vendors on the basis of race, gender, political affiliation, family relations, friendship or business affiliation. Employees and elected officials must publicly disclose all potential purchase conflicts prior to any purchasing decisions being made.

1.4 The Town shall seek the best quality products and/or services at the lowest possible price in the most convenient manner under all circumstances.

1.5 No employee shall make a purchase without first obtaining approval of the Department Head.

1.6 In so much as possible, all bulk purchases for office supplies and commonly used materials shall be acquired through the Finance Department, which shall attempt to coordinate departmental acquisitions in a manner that is most advantageous to the Town. Supplies that need to be purchased that are department specific, shall be purchased by that department following all applicable guidelines in this policy.

1.6.1 Examples: Land Record Books, mapping materials, recreation equipment.

1.7 All invoices and Purchase Orders turned into the Finance Department will indicate the account to be charged, the amount to be paid, authorizing signature by the Department Head, and the date of the approval. It is recommended that packing slips, (proof of actually receiving the goods) be turned into the Finance Department either attached to the invoice at the time of submission or at a later date.

2. PURCHASE ORDER PROCEDURES

2.1 Department Heads shall submit a Purchase Order (signed by them and the Town Manager) to the Finance Department before they purchase any item or services in which the total amount to be paid to a vendor exceeds \$2,500. Excluded from these requirements are utilities, fuel, wages and employee benefits, insurances, appropriations, and dues.

2.2 Any purchase from a Reserve Fund requires a Purchase Order to be submitted to the Town Manager, and if approved by the Town Manager, the Town Manager will submit to the Selectboard for approval.

3. BID REQUIREMENTS

3.1 Expenditures \$2,500 to \$10,000: With the exception of those items exempted in Section 2.1, Department Heads shall obtain at least three price quotes (written, oral, phone or catalog or on-line prices are acceptable) provided they are documented and presented with the Purchase Order. Department Heads shall solicit written sealed bids or proposals for any expenditure over \$10,000.

3.2 Bid Specifications shall include:

3.2.1 Bid name.

3.2.2 Bid submission deadline.

3.2.3 Date, location, and time of bid opening.

3.2.4 Specifications for the project or services including quantity, design, and performance features.

3.2.5 Bond and/or insurance requirements.

3.2.6 Any special requirements unique to the purchase.

3.2.7 Delivery or completion date.

3.2.8 All bids shall include the following statement; "The Town of Norwich has the right to reject any or all bids if doing so is in the best interest of the Town."

3.3 Bid specifications must be approved in writing by the Town Manager prior to being advertised. Solicitations shall be sought by newspaper advertisement and any other appropriate media. Pre-bid or proposal meetings shall be held for complex purchases or projects unless waived by the Town Manager. Once a request for bids or proposals has been issued, the specifications will be available for inspection at the Town Manager's Office.

3.4 Bid submission. All bids or proposals must be submitted in sealed envelopes, addressed to the Town in care of the Town Manager and plainly marked with the name of the bid and the time of the bid opening. Bid proposals will be date stamped on the outside of the envelope immediately upon receipt. Any bid may be withdrawn in writing prior to the scheduled time for the opening of bids. Any bids received after the time and date specified shall not be considered and shall be returned to the bidder unopened.

3.5 Bidders shall bid to specifications and any exceptions must be noted. A bidder submitting a bid thereby certifies that the bid is made in good faith without fraud, collusion, or connection of any kind with any other bidder for the same work, and that the bidder is competing solely on his/her behalf without connection with or obligation to any undisclosed person or firm.

3.6 Bid opening: All bid openings will be at the Town Managers Office at the prescribed time. Every bid received prior to the deadline will be publicly opened and read aloud by the Town Manager or designated representative. The bid opening will include the name and address of the bidder; for lump sum contracts, the lump sum base bid and the bid for each alternate; for unit price contracts, the unit price for each item and the total, if stated; and the nature and the amount of security furnished with the bid if required.

3.7 The Director of Public Works shall annually solicit bids for the procurement of materials that are regularly purchased in bulk quantities such as sand, salt, chemicals, fuel, bituminous concrete.

4. CONTRACTS FOR LABOR SERVICES

4.1 The procurement of outside services with a value of \$2,500 or more per project shall require a written agreement between the Town and the service provider. The agreement shall be approved by and signed by the Town Manager. Copies of agreements shall be furnished to the Town Manager and Finance Department in addition to a Purchase Order.

4.1.1 Examples:

4.1.1.1 Subcontractor hired to perform roadwork which includes labor and materials.

4.1.1.2 Subcontractor hired to clean carpeting in Tracy Hall.

4.2 It shall be the responsibility of the Department Head to work with and ensure that the Finance Department has been provided with a duly executed W-9 Form upon the procurement of services. If there is no W-9 on file with the Finance Department then no payment will be made.

4.3 As a condition to performing contracted services for the Town, all contractors, subcontractors and persons other than Town employees who perform services for the Town shall be required to indemnify and hold harmless the Town of Norwich for damages, claims and liabilities which may arise as a result of the work to be performed.

4.4 All contractors and subcontractors who perform labor services for the Town within a fiscal year that will be paid \$5,000 or more shall maintain insurance coverage and list the Town as an additional insured in accordance with the minimum amounts listed below. Prior to the start of any work it is the responsibility of the Department Head to make certain that the Finance Department has been furnished with an insurance certificate as proof that coverage is in place. Certificates shall be kept on file with the Finance Department. NOTE: Nothing in this Section shall be deemed to prohibit the Town Manager from requiring coverage amounts at a higher level, or imposing additional types of coverage up to the value of the entire project as may be in the best interest of the Town.

4.4.1 General Liability \$1,000,000 per occurrence

4.4.2 Property Damage \$1,000,000 per occurrence

4.4.3 Personal Injury \$1,000,000 per occurrence

4.4.4 Automotive Liability \$500,000 per occurrence

4.4.5 Workers' Compensation (Statutory Requirement)

4.5 Any Sole Proprietor hired (no employees) shall be required to sign a Non-Employee Work Agreement and will be required to sign a Liability Hold-Harmless Agreement or provide a

certificate of insurance for Workers' Compensation. Contractors with employees will need to provide a Certificate of Workers' Compensation Insurance.

5. CONTRACTS FOR PROFESSIONAL SERVICES

5.1 The procurement of professional services with a value of \$2,500 or more per project or more than \$5,000 in a fiscal year shall require a written agreement between the Town and the service provider. The agreement shall be approved by and signed by the Town Manager. Copies of agreements shall be furnished to the Town Manager and Finance Department in addition to a Purchase Order. Department Heads, with the approval of the Town Manager, may informally solicit professional services below a value of \$10,000 per calendar year, provided three comparable proposals are obtained (except Recreation Instructors) using qualifications, scope of services and price estimates as a basis for selection. All Recreation Instructors will be required to sign a Non-Employee Work Agreement and a Liability Hold Harmless Agreement.

5.2 Examples:

5.2.1 Subcontractors who perform recreational activities and programs.

5.2.2 Subcontractors who are providing engineering services.

5.2.3 Subcontractors who will perform planning services.

5.2.4 Subcontractors working on a temporary basis in administrative or professional capacity.

5.3 The professional service provider shall be required to provide proof of insurance coverage for the professional services in an amount equal to the total cost of the project, subject to whatever limitations are approved by the Town Manager.

6. SUMMARY OF PURCHASING POLICIES

**PURCHASE POLICY SUMMARY TABLE
Materials and Equipment**

Amount	PO Required	TM Approval Required	SB Approval Required	W9	3 Quotes Required	Sealed Bids Required
\$600 to \$2,500			If Reserve Funds	Yes	No (But Preferred)	No
\$2,500 to \$10,000	Yes	Yes	If Reserve Funds	Yes	Yes	No (But Preferred)
> \$10,000 to \$25,000	Yes	Yes	If Reserve Funds	Yes	N/A	Yes
> \$25,000	Yes	Yes	If Reserve Funds	Yes	N/A	Yes

CONTRACT POLICY SUMMARY TABLE
Contract Labor and Materials & Professional Services
(In Addition to above Table Requirements)

Amount	Non-Employee Work Agreement or Contract & PO Required	Town Manager Approval	W9	Certificate of Insurance	Workers' Compensation	Liability Hold-Harmless Agreement
<\$2,500	Non-Employee Work Agreement	No	Yes	No	Yes-If has employees	Yes-If Sole Proprietor
>\$2,500	Yes	Yes	Yes	No	Yes-If has Employees	Yes-If Sole Proprietor
>\$5,000	Yes	Yes	Yes	Yes (minimum of \$500,000) or if Professional Service in an amount equal to project cost	Yes-If has Employees	Yes-If Sole Proprietor

7. LEASE PURCHASES

7.1 Lease-Purchases are not the preferred method for purchasing equipment, vehicles or materials. If the purchase or lease of any equipment, vehicles or materials, require periodic payments over a course of one year or more, they shall be subject to all applicable provisions of this policy in accordance with the dollar values set forth herein.

7.2 Prior approval of the Town Manager is required before the solicitation of any lease-purchase agreement.

7.3 All lease-purchase agreements shall be approved by the Selectboard.

8. LEGAL SERVICES

8.1 The Town Manager, and the Selectboard in a matter involving the Town Manager, is the only agent of the Town with the authority to select legal representation, solicit legal opinions, contract for legal services, initiate judicial or quasi-judicial proceedings, defend against a legal action or otherwise obligate resources for legal purposes on behalf of the Town.

8.2 The Town Manager shall have the ultimate authority for deciding whether any other Town official, elected or appointed, shall be allowed to seek a legal opinion at the expense of the Town. The Town Manager may authorize an agent of the Town to engage an attorney at Town expense.

8.3 Written and oral communications with an attorney may be considered confidential as provided for in 1 V.S.A. Chapter 5 but may be released to the public by the Town Manager.

9. EXEMPTIONS AND WAIVERS

9.1 In the event of an emergency a Department Head, with the prior approval of the Town Manager, may procure items and services without adhering to the procedures of this policy provided that he/she submits a written explanation to the Town Manager within 48 hours of the transaction detailing the nature of the emergency, the services procured and the cost. If the Town Manager is not available the Acting Town Manager may authorize the purchase. An emergency situation shall be defined as one which threatens the lives or health of the people, the property of the Town or its citizens, or the delivery of necessary services to the citizens of Norwich. Every effort should be made to avoid making emergency purchases.

9.2 During long term emergency situations the Town Manager shall approve all requests for emergency purchases. In the event that the Town Manager is unavailable, the Acting Town Manager may approve essential purchases.

9.3 It is understood that pre-approved purchase orders and multiple price quote requirements will not always be feasible when it comes to repairs to Town-owned vehicles and specialized equipment. Under these circumstances preference shall be given to dealers approved by a manufacturer or vendors with a satisfactory history of fair pricing and superior work quality.

9.4 The Town Manager may waive any and all purchasing requirements set forth herein as he/she may deem to be in the best interest of the Town. Examples of situations whereby the Town Manager encourages Department Heads to seek waivers are: use of Vermont State Purchasing Department procurements, “piggy-backs” onto bid awards issued by other government agencies and instances where significant discounts may be obtained by prompt action.

10. VEHICLE ACQUISITION AND REPLACEMENT

10.1 Purpose

10.2 The purpose of this policy is to establish policies and procedures for cost efficient and effective decisions on vehicle acquisitions and replacements of existing vehicles.

10.3 Background

10.4 Considerations for expanding the fleet by purchasing an additional vehicle include:

10.4.1 Proposed use of the vehicle

10.4.2 Options other than purchase, e.g. existing vehicle, lease or contracted services

10.4.3 First cost and life cycle costs

10.4.4 Impact on other costs of fleet expansion

10.4.5 Efficiency gained to offset added costs

10.4.6 Future impact on Reserve Funds for vehicle replacements

10.4.7 Considerations determining the most cost-effective time to replace a vehicle include:

10.4.8 Economic life – Life cycle cost and equivalent annual cost

10.4.9 Reliability or impact of failure

10.4.10 Replacement parts availability

10.4.11 Technological and functional obsolescence

10.4.12 New technologies that may reduce fuel use and/or emissions or improve productivity

10.5 Considering economic life, the best time to replace a vehicle is when the combined cost of owning and operating the vehicle is near its minimum, as illustrated in Figure 1. Note that the decision to replace may be delayed after the minimum with a slowly increasing penalty.

10.6 The “Annualized Cost” line in Figure 1 illustrates what the total cost might be for a light duty truck with an initial purchase cost of \$50,000. This example considers depreciation, maintenance, replacement cost increase, and downtime costs. In this example, the most cost-effective time to replace the vehicle is in the range of 10 to 11 years. If the purchase is going to be a lease-purchase, an additional interest cost curve would need to be added.

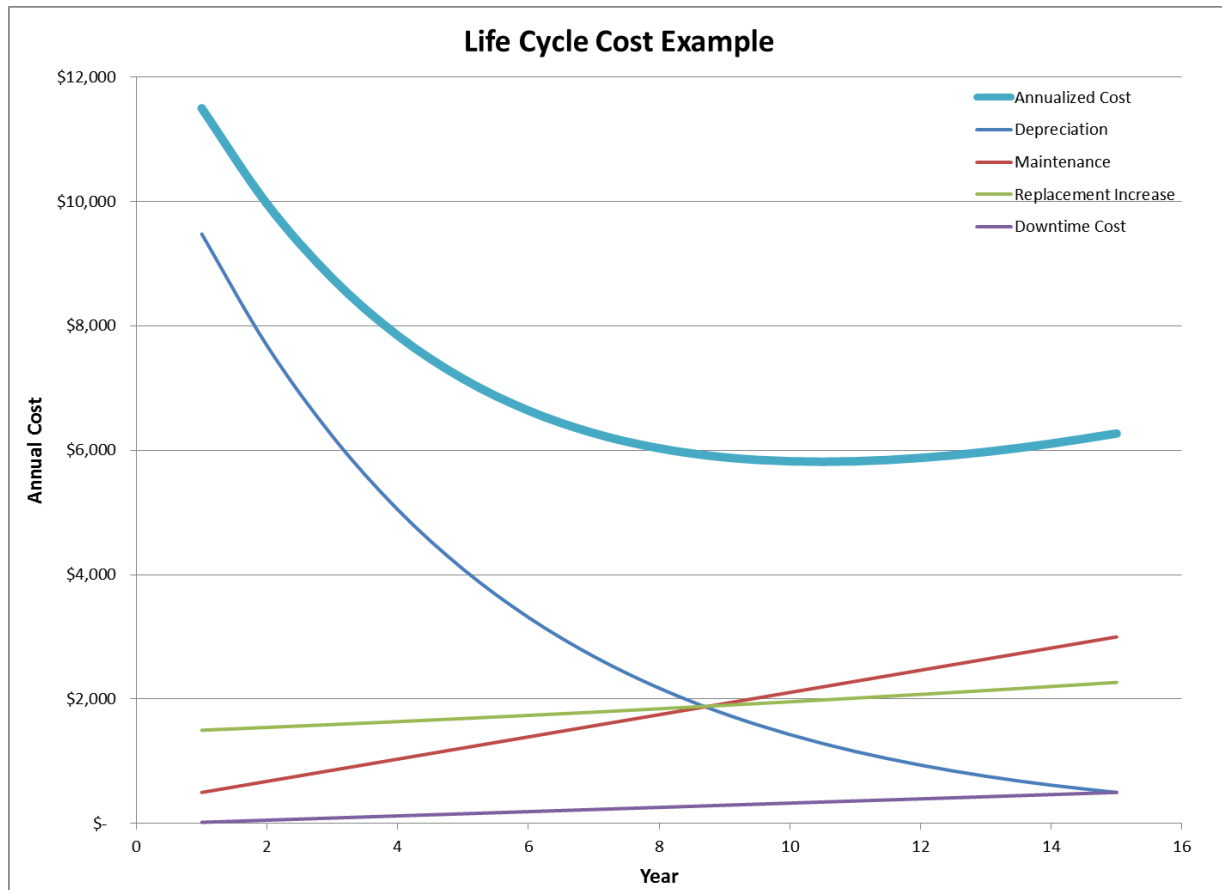


Figure 1: Sample graph of life-cycle costs.

10.7 Policy

10.7.1 This policy outlines procedures for adding a vehicle to an existing fleet or replacing an existing vehicle. If the acquisition or replacement cost is less than \$25,000 Town Manager approval is required. If the purchase will involve Reserve Funds or the acquisition or replacement cost is \$25,000 or more Selectboard approval is required. In both cases a **two-step approval process** is required, as described below:

10.7.2 **Step 1** identifies the most cost-effective approach for vehicle acquisition or replacement to obtain permission to proceed from the Town Manager and/or the Selectboard, as applicable. Step one typically requires an analysis of the items detailed in this section, supported with the Vehicle Equipment Evaluation Form and Vehicle/Equipment Acquisition Form, as appropriate,

as follows:

10.7.3 Options for replacing the equipment or using other methods to achieve the same objective

10.7.4 Alternatives including refurbishing, leasing, lease-purchase and purchasing a replacement vehicle or acquiring a new vehicle

10.7.5 Lifecycle cost analysis for the existing vehicle and the proposed new vehicle to determine the most cost-effective and efficient times for replacement

10.7.6 Availability of funds for the proposed vehicle acquisition or replacement

10.7.7 A written recommendation, including the above analysis, that identifies the alternative or option to follow for the acquisition, together with a proposed bid document for each recommended option

10.8 **Step 2** follows Town Manager and/or the Selectboard approval to proceed and constitutes:

10.8.1 Solicitation of bids in accordance with this policy

10.8.2 A written analysis of the bids to determine the cost efficient, cost-effective and lifecycle cost

10.8.3 A written recommendation to the Town Manager which includes the analysis required by this section.

10.8.4 Final approval – If the purchase involves a lease-purchase, use of Reserve Funds the Town Manager will make a recommendation to the Selectboard for final approval including the documentation by this section.

10.8.5 Completion of the purchase

10.9 Vehicle acceptance requires the Department Head to compare the vehicle received with the specifications in the bid document to ensure that the specifications are met and that all systems are operational and to advise the Town Manager in writing that the vehicle has been accepted.

11. FORMS


11.1 The following forms are available from the Finance Department:

11.1.1 Non-Employee Work Agreement

11.1.2 Liability Hold Harmless Agreement

11.1.3 W-9

11.1.4 Vehicle Acquisition and Replacement Forms

Approved: 
Town Manager

Effective Date: April 22, 2013