

Title: Purchasing Policy for the Town of Bethany Beach

Date of Issue: May 23, 2014

Revision Approved by Town Council: April 21, 2023

Purpose and Scope

It is the policy of the Town of Bethany Beach to purchase in an efficient, timely and fiscally responsible manner. This purchasing process shall be applied consistently and fairly to all involved. Purchasing actions must also comply with the employee handbook, which addresses conflicts of interest, employee conduct, and relationships with suppliers.

This policy is intended to provide the procedures necessary for purchasing materials, public works projects and professional services. It applies to all departments of the Town of Bethany Beach.

Small Purchases

Purchases or services with a total cost of under \$2,500 may be made by Managers without prior approval by the Town Manager. It is the Manager's responsibility to ensure that all small purchases are reasonable, necessary and do not conflict with other town policies.

Purchase Order Procedure

This section applies to purchases or agreements of \$2,500 or more but not of high enough cost to require written quotes or formal bidding.

Purchase Order Process

1. The Manager contacts the vendor to obtain quotes. The order is NOT placed at this point.
2. The Manager prepares a Material Requisition Form and submits it to the Town Manager for approval. The form should include:
 - Vendor name - If using the Town's purchasing card write "Visa" to the right of the company name.
 - Mailing address and contact information if we have not used this vendor previously
 - Date prepared
 - Budgetary coding

- Description of purchase including quantity and unit price per item. For vehicle repairs include the year, make and model.
 - Total cost
 - Manager's signature or initials
3. If the Town Manager approves the Requisition it is forwarded to Finance.
 4. Finance enters the information into the computer system, prints the Purchase Order and returns it to the Manager.
 5. The Manager may now contact the vendor to place the order.

Once the purchase is complete, Managers must sign or initial all invoices to give assurance that the product or service was received or completed in good order and indicate that the vendor should now be paid. If there are problems with the order the Managers should contact the vendor immediately to resolve the problem.

Blanket Purchase Orders may be used to authorize the total amount of purchases or services that will be received over the course of many months to several years. This method is preferred when monthly invoices are expected, even if each single month's bills is under the \$2,500 threshold.

Purchase Orders and prior approval are not needed for expenditures such as; fuel, utilities, legal services, audit services, insurance costs, bank fees, postage, shipping costs, trash disposal, maintenance agreements, debt payments and contracts already approved by the Town Manager and/or Town Council.

Invoices received in Finance in excess of \$2,500 without a pre-approved Purchase Order will be sent to the Town Manager for approval prior to payment. Invoices are not to be split into two or more smaller invoices in an attempt to circumvent this Policy.

Bidding Requirements

Material and Non-Professional Services (per year)

Less than \$50,000	Open Market Purchase
\$50,000 - \$99,999.99	3 Written Quotes
\$100,000 or more	Formal Bid

Public Works (per contract)

Less than \$150,000	Open Market Purchase
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\$150,000 - \$249,999.99	3 Letter Bids
\$250,000 or more	Formal Bid

Professional Services (per contract)

Less than \$150,000	Open Market Purchase
\$150,000 and over	Formal RFP Process

The Town references thresholds set by the State of Delaware. When the State modifies a threshold the Town policy is adjusted to match. Definitions used in the State policy may be used to assist in interpreting Town policy.

Purchases and projects funded from State or Federal sources must always follow the regulations in the grant or loan documents in addition to these requirements.

Purchases or projects of \$40,000 or more require additional approval by Town Council.

Procedure for Obtaining Written Quotes or Letter Bids

1. Bid specifications may be prepared by Managers, by the town engineer or other professional when appropriate.
2. The Manager shall send the specifications to at least three vendors and include a reasonable deadline. Selection of vendors to solicit should include consideration of the cost and quality of prior purchases but also seek to find new vendors interested in Town business.
3. Vendors should respond in writing to the Manager with their prices. These can be delivered in person, through the mail or by email.
4. Once all bids are received or the deadline has passed the Manager shall complete the Bid/Quote Result Form and submit to the Town Manager's Office for approval. The Manager should note which bid is preferred with an explanation if the preferred bid is not the lowest bid.
5. If the purchase is approved the form is forwarded on to Finance.
6. Finance enters the information into the computer system, prints the Purchase Order and returns it to the Manager.
7. The Manager may now contact the vendor to place the order. Documentation showing compliance with this policy and bids received shall be maintained by the Manager for at least five years.

Procedure for Formal Bids and Requests for Proposal (RFP)

1. Preparation and advertisement of the invitation to bid
 - a. Bid specifications may be prepared by Managers, by the town engineer or other professional when appropriate. They should include:
 - i. Instructions and information concerning the bid submission requirements, including the time, date and place set for bid opening and any other special information;
 - ii. A detailed description of project or material including minimum requirements, quantity and any critical features
 - iii. A delivery date or performance schedule
 - iv. Define bid evaluation criteria
 - v. Other contract terms and conditions, such as warranty and bonding or other security requirements, as applicable.
 - b. Shall be advertised at least once a week for two consecutive weeks in a newspaper published or circulated in each county of the State.
 - c. Advertisement of the invitation to bid should be at least 14 calendar days before the bid opening, longer for complex projects.
 - d. If a pre-bid meeting is to be held it should be scheduled for at least seven days before the bid opening. This meeting may be deemed mandatory.
2. Bids receipt and opening
 - a. Each bid shall be marked with the date and time received and stored unopened until the designated opening time.
 - b. Bids shall be opened publicly in the presence of one or more witnesses at the time, date and location designated in the invitation to bid.
 - c. The name of the bidders can be revealed but the disclosure of additional information, including prices, shall be at the discretion of the Manager.
 - d. Bids received late should be returned to the vendor unopened.
 - e. Bids shall be available for public inspection once a fully executed contract is received.
3. Bid evaluation
 - a. Generally the contract shall be awarded to the lowest responsive and responsible bidder whose bid conforms in all material respects to the requirements and criteria set forth in the invitation to bid.
 - b. Engineer review should be sought if appropriate to determine if bid specifications are met and the bidder is capable.

- c. A contract may be awarded to a firm other than the lowest responsible and responsive bidder if, in the opinion of the Town, the interests of the Town are better served. The Manager or engineer must provide written reasons for granting the contract to a firm other than the lowest bidder.
 - d. Manager shall complete the Bid/Quote Result Form and submit to the Town Manager's Office for approval indicating the recommended bidder.
 - e. If only one bid is received the Town may award the contract to that bidder, solicit new bids or cancel the purchase or project
4. If the purchase is approved the form is forwarded to Finance.
 5. Finance enters the information into the computer system, prints the Purchase Order and returns it to the Manager.
 6. The Manager may now contact the vendor to place the order. Documentation showing compliance with this policy and bids received shall be maintained by the Manager for at least five years.

Exceptions to this Policy

Purchases using State of Delaware contracts are exempt from bidding requirements. Managers are encouraged to use State contracts when it is advantageous to the Town.

The Town Manager may select providers of professional services to be used on a continuing basis without requiring annual bidding when cost savings are expected due to continued knowledge of the Town. This includes, but is not limited to, engineering services, audit services, legal services, insurance brokers, and property assessors.

"Emergency - After the Fact" purchases occur when a Manager determines that an emergency exists and immediate action or purchase is necessary in order to protect public health, safety, or property. The Manager should make the needed purchases then prepare a purchase order marked "Emergency - After the Fact" with an explanation and submit this to the Town Manager.

"Sole Source" purchases occur when only a single vendor is reasonably able to provide the product or service. For example; license restrictions, maintenance or repairs to specialized equipment, a vendor already mobilized in the area providing an opportunity for significant savings... The Manager should prepare a purchase

order marked "Sole Source" with an explanation and submit this to the Town Manager for approval.

"Change Orders" are issued when unforeseen situations or circumstances creates a change in the work request that was not specified in the original bid advertisement for the contract awarded. The change order must state the additional work required and a quote received from the vendor. The Manager should prepare a purchase order marked "Change Order" with an explanation and submit this to the Town Manager for approval.

The Town Manager may decide that it is in the best interest of the Town to approve a purchase without following the guidelines in this policy. For example; when it is desirable that a public works project be completed prior to the start of the summer season and timing is close. The Town Manager shall inform Town Council when bypassing this policy and this shall be the exception, not the rule. This action would not be appropriate if the purchase is governed by State or Federal grant or loan restrictions.

Purchases around the change of fiscal years

Materials and services are charged to the fiscal year in which supplies were received or services performed. The Town begins a new fiscal year each April, so purchases for the summer should not be received prior to April 1. Purchase requisitions prepared for a future fiscal year should have the intended year noted.

Purchasing card

Some employees are issued a town credit card at the discretion of the Town Manager. When given a card the employee must sign a credit card release form. The card may be used only for legitimate Town of Bethany Beach expenses that comply with this purchasing policy. Original receipts are due to the Finance Office within 10 days after purchase or ASAP upon returning from business travel.