CITY OF DOVER

PURCHASING POLICY & PROCEDURES

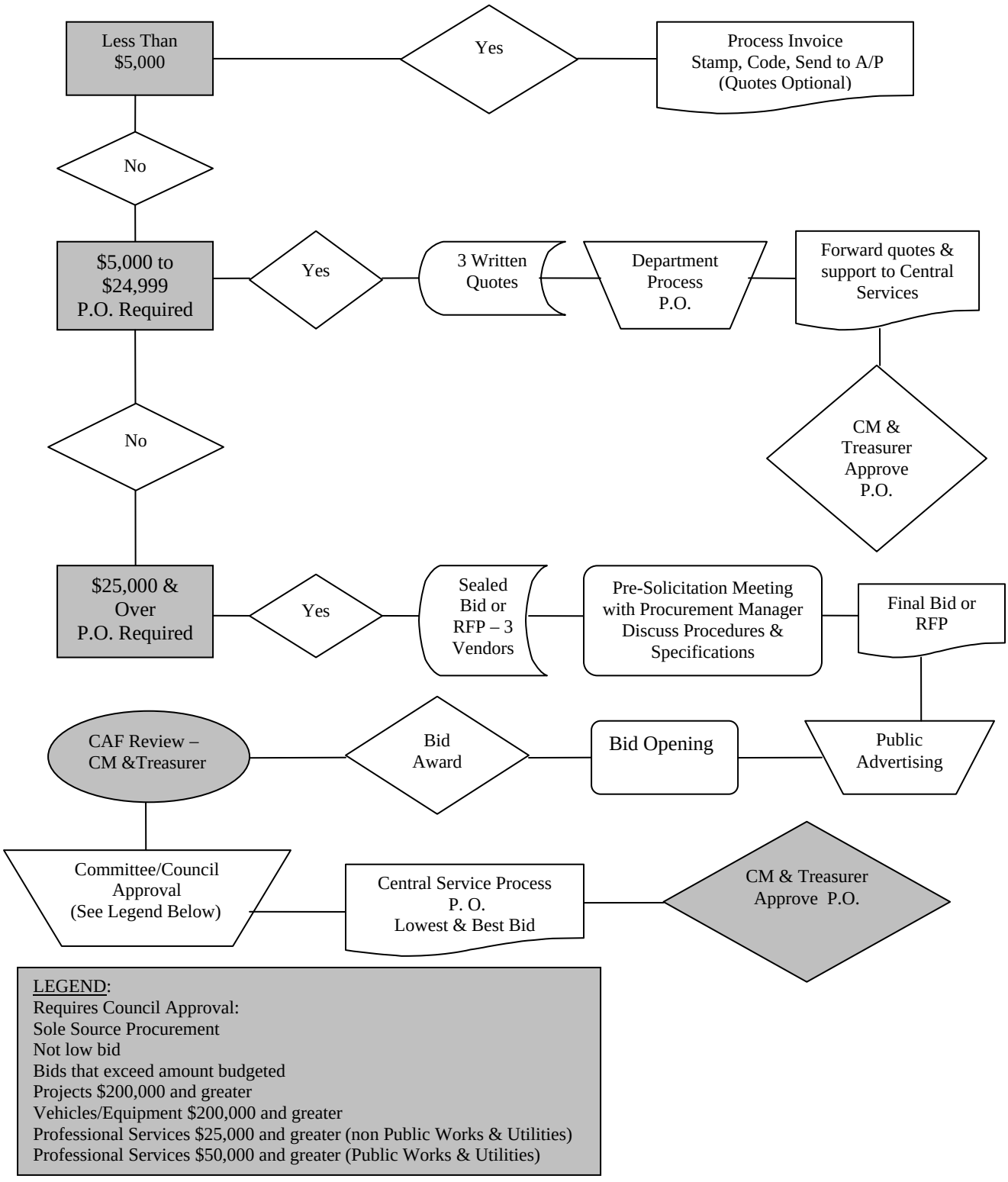
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Purchasing Policy & Procedures
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Purchasing Flow Chart



LEGEND:
Requires Council Approval:
Sole Source Procurement
Not low bid
Bids that exceed amount budgeted
Projects $200,000 and greater
Vehicles/Equipment $200,000 and greater
Professional Services $25,000 and greater (non Public Works & Utilities)
Professional Services $50,000 and greater (Public Works & Utilities)

CITY OF DOVER
PURCHASING POLICY

SECTION 1 - THE PURPOSE

The purpose of the adoption of a purchasing policy is to establish the authority, limits and procedures relating to the purchasing of materials, supplies, equipment, construction, Public Works type contracts, and professional services.

SECTION 2 - ETHICS IN PURCHASING

2.1 Public employees must discharge their duties impartially so as to assure competitive access to governmental procurement by responsible contractors. Moreover, they should conduct themselves in such a manner as to foster public confidence in the integrity of City procurement.

2.2 Acceptance of any gift items or any free services for personal use is PROHIBITED.

2.3 While purchasing goods and services for the City, the procedures and guidelines which are described in this purchasing policy are to be strictly followed. All purchasing related records must be kept in the Central Services Department for the period prescribed in the State Bureau of Archives Retention Schedule. These records may include, but are not limited to, request for proposals, vendor proposals, analysis of proposals, change orders and a copy of the purchase order(s).

2.4 The Information Technology Department is to provide a technical review of all specifications for computer software and hardware purchases regardless of cost. The applicable Information Technology personnel should be consulted on all bid evaluations for computer hardware, software, or other related equipment.

2.5 No agreement or contract shall be entered into, nor expense incurred by any division, which will result in an obligation in excess of the appropriation made to the division. It is the division's responsibility to see that funds are in the proper accounts before obligating or expending funds. If the funds are not in the proper account, the transaction will not be processed. The department must request a transfer of funds through the Finance Department. Override of funds availability must be approved by either the Treasurer or the City Manager.

2.6 Pursuant to Dover Code, Chapter 30, Section 30-33, No city employee or official may participate on behalf of the city in the review or disposition of any matter pending before the city in which he has a personal or private interest. No city employee or official shall benefit from any contract with the city, nor solicit any contract, and shall not enter into any contract with the city (other than an employment contract). No person who has served as a city employee or official shall represent or otherwise assist any private enterprise on any matter involving the city, for a period of two years after termination of his employment or elected or appointed status with the city, if he gave an opinion, conducted an investigation or otherwise was directly and materially responsible for such matter in the course

of his official duties as a city employee or official. All parties hereto declare and affirm that no officer, member, or employee of the City, and no member of its governing body, and no other public official of the City who exercises any functions or responsibilities in the review or approval of the undertaking described in this contract, or the performing of services pursuant to this contract, shall participate in any decision relating to this contract which affects his or her personal interest, or any corporation, partnership, or association in which he or she is directly or indirectly interested; nor shall any employee of the City, nor any member of its governing body, have any interest, direct or indirect, in this contract or the proceeds thereof.

SECTION 3 - PURCHASING LIMITS & AUTHORITY

This section outlines the purchasing limits and guidelines for materials and supplies based on the purchase amount. No department or employee shall commit the expenditure of City funds until the procedures of this section have been complied with.

For the purpose of this policy, the purchase amount is considered the purchase order total. Warehouse stock must be reduced to the item's reorder level prior to using open market purchases as authorized by this policy.

3.1 SUBDIVIDING PURCHASES:

Multiple purchase orders issued by a department for the same items during the same time frame in an attempt to negate the purchasing policy restrictions will be considered a clear violation of the purchasing policy; also considered subdividing purchases.

3.2 FLEET VEHICLES & ASSOCIATED EQUIPMENT:

Purchases of fleet vehicles and associated equipment shall not require Council approval when the purchases have been approved in the budget for the then current fiscal year. However, no vehicle designated as a replacement for any vehicle then currently owned by the City of Dover shall be purchased or ordered for purchase unless and until the then currently City-owned vehicle has been mechanically evaluated and determined by Fleet Maintenance to be no longer reliable for use in its then current capacity. All items within the amount budgeted must have a vehicle/equipment replacement request completed and forwarded to the City Manager for approval. Council approval is always required when the purchase is from sole source procurement, when the vendor is not the low bidder, or when the purchase price is higher than the budgeted amount for that vehicle. The City Purchasing Agent is authorized to purchase vehicles through the State of Delaware contract when in the best interest of the City.

3.3 EQUIPMENT PURCHASES $25,000 - $199,999:

Budgeted equipment specifically identified in the Capital Improvement Plan does not need Council approval unless the purchase is sole vendor, sole source procurement, or not low bid. The purchase does not require construction or ancillary services. Equipment purchases $200,000 or greater requires Council approval.

3.4 PURCHASING THRESHOLD TABLE

PURCHASING THRESHOLDS		
Less than $5,000	**$5,000 to $24,999**	**$25,000 & Over**
Open market; Department Head discretion to obtain quotes;	Department Head solicit no less than three (3) written quotations; If fewer than three (3) quotations, justification must be included;	Formal Invitation to Bid (ITB) or Request for Proposal (RFP/RFQ); No less than three (3) potential vendors supplied to Central Services;
Purchases will be made by designated personnel;	Quotations and support documentation to be maintained in Central Services files as public record; To include name of vendor, date of submission, and amount;	Pre Solicitation Meeting required of the respective Department & Procurement Manager to discuss appropriate procedures and specifications;
Approved invoices sent to Accounts Payable for payment.	Requires requisition and purchase order through the financial system;	Public sealed bid or sealed proposal procedures as outlined in Appendix A;
Purchases under existing City contracts shall be made in accordance with the terms of such contract.	All purchases will be made by Central Services or the Police Department Purchase Coordinator by Purchase Order or Contract,	Public Advertising at least once a week for two (2) consecutive weeks in publication with circulation in each county of the State; Additional advertising discretionary;
Supplies available from City stock should not be procured from third party vendors.	Award shall be made to the lowest and the best quotation; Vendor references may be checked;	Lowest and/or most responsive bid will be accepted; Vendor references may be checked to verify ability to meet contract requirements;
Item numbers, quantities, unit cost, and extension must be completed on every purchase order for materials or paying for contracted labor at hourly rates;	Item numbers, quantities, unit cost, and extension must be completed on every purchase order for materials or paying for contracted labor at hourly rates;	Public Bid/Proposal Opening; Time and date of public bid opening shall be stated in the notice for bids; Delivered to Central Services, 710 William Street, Dover, DE 19904
Approval - Department Head Level	Fax and email quotations are acceptable;	Bid Bond or certified check in the amount equivalent to ten percent (10%) of the bid amount for items/contracts over $25,000; Can be waived by Purchasing Agent and Department Head;
	Electronic Approval - City Manager & Treasurer	Performance Bond required for construction work;
	Purchase Order to include: Unit Cost $; Account number; project number if applicable; Brief description of item or service when not identifiable; Quotes from each vendor in comments;	Faxed bid are not acceptable for this category; Sealed bids may be emailed to bids@dover.de.us or as agreed to with the Department Head;
	NOTE – Changes to Purchase Orders are to be completed through the financial systems. Purchase Orders received with manual changes to amounts/unit cost will not be processed by the Finance Department.	Purchases exceeding $25,000 shall require Council approval for sole source procurement, greater than budget and not low bidder; Committee/Council Action Forms to include: Budget $, P. O. $ or Unit Cost $; Account number; project number; page number in budget; Bid/RFP number if applicable. If unit cost bid include cost comparison. If blanket bid or proposal is for recurring services, provide average annual cost for past three years for the service. Description and recommended action.

3.5 COOPERATIVE PURCHASING:

The City of Dover is permitted to use state, county, municipal, and other government contracts to purchase material once it has been determined that the procedures outlined within this policy will not be violated. To use cooperative purchasing the quantities and timing of the materials must be coordinated with the partnering entity to insure cost savings through economies of scale. Any deviation from this policy for the purpose of cooperative purchasing must be approved by the City Manger and Treasurer prior to entering into any purchase agreement.

3.6 STANDARD FORMS:

All purchasing related forms and bid documents are developed and standardized for the City of Dover by Central Services. No substitutions of the City of Dover purchase order form or other standardized forms will be permitted. Where applicable, unit(s) of measure and unit cost must be included in the purchase order. Purchase orders with the quantity of one (1) will not be accepted unless the quantity is truly one (1).

3.7 INSPECTION AND FULL PAYMENT:

Upon receiving materials and equipment and upon completion of construction, the City of Dover shall cause a detailed inspection. Full payments for the purchases will be made only upon the department head's complete satisfaction as to the fulfillment of all of the conditions of the contract. The department will notify Central Services that the purchase order may be released for payment.

3.8 WARRANTIES:

The department requesting the material or service shall monitor and maintain all warranties.

3.9 AUTHORIZED PERSONNEL:

Only authorized personnel are allowed to purchase goods for the City of Dover. The authorized signature must appear on the purchase order. The authorized signature must be on record in the Finance Office.

3.10 CHANGE ORDERS:

If, after a purchase contract is awarded, it becomes necessary to add items/work because of unforeseen findings or a scheduled change, a change order can be issued without Council approval as follows:

A) For purchases at $5,000 - $24,999 the Procurement Manager is authorized to sign purchase order changes up to and including 15% of the original purchase amount when the total dollar value of the purchase does not exceed $25,000 and the amount of the item is still within the amount budgeted for that item.

B) For purchases at $25,000 or greater, the City Manager and Treasurer are authorized to approve change orders as follows:

i. 25% of the original purchase amount when the purchase is made on a unit cost basis,

the purchase is within the approved (project) budget and/or the approved Council Action Form, and the purchase does not exceed $500,000.

ii. 15% of the original purchase amount when the purchase is made on a unit cost basis, the purchase is within the approved (project) budget and/or the approved Council Action Form, and the purchase is greater than $500,000 but less than $1,000,000.

iii. 10% of the original purchase amount when the purchase is made on a unit cost basis, the purchase is within the approved (project) budget and/or the approved Council Action Form, and the purchase is greater than $1,000,000.

3.11 EXCEPTIONS:

A) Sole Source Procurement:

Sole source procurement is not permissible unless a requirement is available from only a single supplier/manufacturer. A requirement for a particular propriety item does not justify sole source procurement if there is more than one potential bidder or offeror for that item. The following are examples of circumstances which could necessitate sole source procurement:

- Where the compatibility of equipment, accessories, or replacement parts is the paramount consideration; items of comparable quality and equal function are not to be considered under sole source procurement.
- Where the sole supplier's item is needed for trial use or testing;

If the purchase is over $25,000 however, it must be presented to Council for approval. Sole suppliers/manufacturers must be justified in writing by the Department Director and the justification must accompany the procurement request to Central Services and approved by the City Manager.

B) Items placed on annual or multi-year contracts for warehouse stock shall not be subject to Council approval as these items are purchased as individual units and not in blocks. Procurement of items specifically procured for projects through non-stock contracts shall be approved by the City Manager and Treasurer. Increases in unit prices greater than 15% shall be communicated to the respective Department Heads, the City Manager and Treasurer.

C) Negotiations:

Negotiations are authorized during the Request for Proposal evaluation process, when sole source has been pre-approved or when a material specification or scope of work change occurs after the award of a competitively bid contract.

D) Used Materials and Equipment:

For the purchase of used or surplus materials or equipment, the provisions of this policy may not apply. Purchases of $25,000 must be presented to Council for their approval.

E) Continuity of Service:

When there is an abrupt discontinuation of service due to breakdown, accident, or other similar event and it is necessary to obtain materials or equipment to continue service to the citizens, the provisions of this policy may be waived by the City Manager. For no other reason should a purchase order be issued for this exception.

F) Emergency:

An emergency condition is a situation which creates a threat to public health, welfare, or safety such as may arise. The existence of such condition creates an immediate and serious need for supplies, services, or construction that cannot be met through normal procurement methods and the lack of which would seriously threaten:

1) The functioning of the City government.
2) The preservation or protection of property; or
3) The health or safety of any person.

Emergency procurement shall be limited to those supplies, services, or construction items necessary to meet the emergency. The Mayor or City Manager will be responsible for making a decision as to the existence of the emergency.

G) Minority Owned Vendor Preference:

Minority owned vendor preference shall be three percent (3%) of the value of the award. The vendor must identify qualification and claim to the preference on the submitted bid documents. The vendor must provide authoritative proof of minority ownership such as identification in the certification directory maintained by the State of Delaware, Department of Administrative Services, Office of Minority and Women Business Enterprises to qualify for this preference. This preference is to be considered as a stand alone and cannot be added to any other preference that may be allowed. This preference shall not apply to sub-contractors.

H) Local Vendor Preference:

Local vendor preference shall be considered for materials, equipment, construction contracts, and utility contracts. Local vendor preference shall be three percent (3%) of the value of the award. A local vendor is a vendor with a "remit to" address or physical store location in the local area as identified below. The term local vendor is defined as a gradually increasing range with preference assigned as follows:

Rule 1: Vendor located within the city limits of the City of Dover.
Rule 2: Vendor located within Kent County (if no vendor qualifies under Rule 1)
Rule 3: Vendor located within the State of Delaware (if no vendor qualifies under Rules 1 & 2)

In the event that no vendor qualifies under rules 1, 2, or 3 no local vendor preference shall be awarded. The vendor must identify qualification and claim to the preference on the submitted bid documents. This preference shall not apply to sub-contractors.

SECTION 4 - PROFESSIONAL SERVICES GUIDELINES

Professional Services are normally solicited by use of a Request for Proposal. This section provides the guidelines and procedures for the procurement of professional services that are not covered by Section 5 – Public Works & Utility Type Contracts and Certain Professional Services.

Examples of the professional services covered under this section are consulting for rate studies; audit services, financial services, and computer related consulting. These are only examples, and the scope of the provisions of this section is not limited to these examples.

4.1 REQUEST FOR PROPOSALS

Evaluation of proposals must adhere to the following guidelines:

a. Determine what proposals are acceptable and unacceptable
b. A determination that a proposal is unacceptable shall be in writing, state the basis for the determination and be retained in the procurement file
c. The offeror shall not be afforded an opportunity to modify its offer

Negotiation with individual offerors

a. The department can negotiate with individual offerors after their proposals are opened.
b. The department shall develop formalized procedures to be consistently applied to each offer
c. Disclosure of one offerors price to another is prohibited
d. The department must send a written request for best and final offers setting forth the date, time, and place for submission of best and final offers
e. The department must inform the offerors that if they do not submit a notice of withdrawal or a best and final offer, their immediate previous offer will be construed as their best and final

Final Award

a. The contract shall be awarded within 90 days of the closing date
b. The department shall award a contract to the offeror whose proposal is determined in writing to be most advantageous to the City
c. The determination shall explain the basis of the award
d. Central Services shall notify each unsuccessful offeror in writing of the award

4.2 TOTAL COST UP TO $7,500:

Professional services covered under this section may be obtained using open market prices. It is the Department Head's discretion to require written proposals from the service providers. The decision to award the contract for professional service shall be based on performance track records, fees, time schedule and known quality of work. Fax and email proposals are acceptable for this category.

4.3 TOTAL COST OVER $7,500 TO $25,000:

For procuring professional services covered under this section, the department shall use the "Request for Proposal" method and in conjunction with the Central Services Manager or authorized purchaser send requests for proposals to available service providers. The request for proposal will clearly include the following:

1) scope of work

2) schedule for work
3) request to provide fees, expenses and payment schedules;
4) last date for submitting the proposal
5) evaluation method
6) address, contact person and phone number.

The services procured under this provision must have the approval of the department head. A purchase order must be issued to include, but not limited to the above, for the total amount, providing details and a reference of the professional services agreement number, if any, and the location. Fax and email proposals are acceptable for this category.

4.4 TOTAL COST GREATER THAN $25,000:

For professional services with fees and expenses totaling more than $25,000, the City Council's approval is required. The requirements of 4.3 shall be applicable as a solicitation basis. Fax proposals are NOT acceptable for this category.

4.5 SUBDIVIDING THE PURCHASES OF SERVICES:

The City of Dover departments shall NOT subdivide the purchase or the contract for professional services to avoid the requirements of this purchasing policy.

4.6 DOCUMENTATION:

In the event that a firm/consultant under contract to the City of Dover issues a bid/proposal as part of their contract, the original documents must be provided to the City. The final determination for all awards shall rest with the City.

4.7 CHANGE ORDERS:

The same procedures as outlined in paragraph 3.10 will apply to professional services in regards to change orders.

SECTION 5 - PUBLIC WORKS & UTILITY TYPE CONTRACTS AND CERTAIN PROFESSIONAL SERVICES

"Public Works Contract" means any contract for the construction, reconstruction, alteration or repair of any public building, road, street, highway, water utility, wastewater utility, electric utility or other public improvement, the cost of which will be paid with public funds.

"Certain Professional Services" means those services within the scope of the practice of architecture, professional engineering, professional land surveying, landscape architecture and geology.

All Public Works and Utility contracts entered into for less than $200,000 that are specifically identified in the Capital Improvement Plan does not need Council approval unless the purchase is sole vendor, sole source procurement, or not low bid. Procurement $200,000 or greater requires Council approval.

Public Works & Utilities		
Less than $25,000	**$25,000 - $199,999**	**$200,000 & Over**
Open market	Solicit three (3) written quotations – MANDATORY	Formal Bidding – Purchaser
$0 - $10,000 quotations optional	Letters Bids/Contract Admin. discretionary	Public Advertising
$10,001 - $25,000; Solicit three (3) phone quotes (attach to purchase order)	Specifications and/or plans discretionary	Specifications and/or plans
Specifications and/or plans discretionary	Bid bond discretionary	Bid Bond discretionary
Record quotations on quotation summary form (attach to purchase order)	Public Opening discretionary	Public Opening
	Formal Contract discretionary	Formal Contract
	Performance Bond discretionary	Performance Bond
Purchase Order to include: Unit Cost $; Account number; project number if applicable; Brief description of item or service when not identifiable; Quotes from each vendor in comments		
Committee/Council Action Forms to include: Budget $, P. O. $ or Unit Cost $; Account number; project number; page number in budget; Bid/RFP number if applicable. If unit cost bid include cost comparison. If blanket bid or proposal is for recurring services, provide average annual cost for past three years for the service. Description and recommended action.		
Footnote – When a project is partially or wholly funded by the State of Delaware: prevailing wage rates apply to projects over $15,000 for repairs, alterations, rehabs, demolition, or reconstruction or $100,000 for new construction.		

Public Works & Utilities – Certain Professional Services		
Less than $50,000		**$50,000 & Over**
Open Market		Formal RFP Process
Purchasing policy guidelines - Section 4.2 & 4.3		Public Advertising
Professional Services for Public Works & Utilities includes services within the scope of practice of architectural, professional engineering, professional land surveying, landscape architectural services and geology.		

PRE-QUALIFICATION OF BIDDERS

Prequalification of Bidders is permitted to screen potential vendors in which such factors as financial capability, reputation and management are considered in order to develop a list of qualified vendors. The vendors should provide background information on their company, implementation methods, and references. Once the list of qualified vendors is established a Request for Proposal will be developed to include clear specifications, expectations and clearly outlined evaluation criteria. A price range may be requested but is not necessary. Detailed information will be provided during the RFP process.

SECTION 6 - RECEIVING

6.1 No employee shall pick up or receive goods without his or her supervisor's authorization. In the case of a special project, deliveries may be made to the job site, but should be coordinated through Central Services. Central Services will take charge of the delivery ticket for file and paying of the invoice.

Packing slips (proof of receipt) when appropriate are to be attached to the invoice or payment will not be disbursed until these conditions are met. If only an invoice is provided by the vendor, then the employee receiving the item shall sign the invoice as proof of receipt.

6.2 While taking delivery of items the individual accepting the item will sign any one of these documents: Receiving/payment copy of the purchase order, vendor's invoice, delivery slip or packing ticket. The person receiving the goods and signing the receipt document must verify the quantity and item description/part number with the purchase order or any other document and must check the condition of the items/packages to make reasonably sure that there are no problems with the delivery. If the problems are observed, the notes must be made on the receiving documents or the delivery must be returned. Partial delivery is acceptable. The original receipt of all documents must be forwarded to Central Services.

6.3 No City employee will sign for any item or service, which is not received.

6.4 Payment for the goods will be made only to the extent the goods are received by the City.

SECTION 7 - CREDIT CARD PURCHASES

7.1 The City does not encourage credit card purchases.

7.2 The City has a very limited number of credit cards for particular stores where the purchases are more easily made with a credit card or where vendors do not bill the City and credit cards are absolutely necessary.

7.3 The person using the credit card must make sure of the purchase price, quantity, quality and the necessity of the item. The person must sign as required and turn in the purchaser's copy of the credit card slip to the department immediately for processing and information.

7.4 The credit card must be used only by authorized personnel, and cannot be used for personal business.

7.5 All credit cards shall be handled through the Finance Department as outlined in Procedure F346.

SECTION 8 - INVOICES AND PAYMENTS

8.1 For payment purposes, the original invoices must carry the following: approval stamp, authorized signature, and date. All travel expenditures are to be processed with a purchase order including mileage reimbursements. Purchases over $5,000 must also include a purchase order. Invoices are to be sent directly to Accounts Payable after the department head has coded and signed them (signature stamps are not permitted). Invoices for vendors not loaded in HTE must be accompanied by the City of Dover new vendor form and a completed IRS form W-9, both of which are

located in public documents.

8.2 The purchaser/authorized personnel must note that it is the City's policy to take all discounts and therefore the payment documents must be submitted to Accounts Payable immediately.

In other cases, it is the City's policy to pay the invoices on time and, therefore, the payment documents must be submitted to Accounts Payable as soon as possible.

SECTION 9 - COMMITTEES/COMMISSIONS

9.1 All City of Dover appointed Committees and Commissions are required to follow the City of Dover purchasing policy, unless otherwise directed by City Council.

9.2 The Committee Chair or designated City staff member is authorized to purchase materials.

9.3 A list of the names of the individuals authorized to make purchases along with each authorized individuals signature are to be submitted to the Finance Department.

9.4 A proposed work plan or budget will be required prior to disbursement of funds.

9.5 The Central Services and Finance Departments will give each Committee Chairperson a purchasing orientation. A copy of the Purchasing Policy will be provided.

EFFECTIVE DATE

Adopted by City Council

APPENDIX A
INVITATION TO BID AND REQUEST FOR PROPOSAL PROCEDURES

Departments will use the chart below to determine the appropriate sealed bid method. Advance coordination with the Purchaser is required.

Competitive Sealed Bids VS Competitive Sealed Proposals

Activity Description	Competitive Sealed Bids	Competitive Sealed Proposals
Specifications	Specific as to performance/design	End results oriented by Scope of Work. Proposer must develop and provide solution.
Opening	Public – all data available to other bidders and the public	Public – only names of proposers are read; no pricing or other data made available
Evaluation	Based strictly on Technical Specifications – *NO* material changes allowed	Based on *quality* with multi-member Criteria Evaluation Committee assigning weighted values to various parts of each proposal
Discussion	None	Individual discussions with each proposer to determine understanding of proposal requirements
Changes	None	Each proposer is allowed to re-submit a Best and Final Offer that might change the solution and the price
Award	Lowest Responsive and Responsible Bidder	*Best Value* Proposal – not necessarily the *lowest price*

I. COMPETITIVE SEALED BIDS

A. Preparing Specifications

- The department requesting the purchases through Central Services will prepare the complete specifications, with the assistance of the Purchaser (if requested), and submit them to Central Services.
- All specifications shall be written in such a manner as to describe the requirements to be met, without having the effect of exclusively requiring a proprietary supply, service, or construction item, or procurement from a sole source, unless no other manner of description will suffice.
- Where a brand name or equal specification is used in a solicitation, the solicitation shall contain explanatory language that the use of a brand name is for the purpose of describing the standard of quality, performance, and characteristics desired and is not intended to limit or restrict competition.
- It is the general policy of the City to procure standard commercial products whenever practicable. In developing specifications, accepted commercial standards shall be used and unique requirements shall be avoided, to the extent practicable.

B. If only one responsive bid is received in response to an invitation to bid or request for proposal, an award may be made to the single bidder if the Department Director having operational authority over the funds to be expended determines that the price submitted is fair and reasonable, and that either other prospective bidders had reasonable opportunity to respond, or there is not adequate time for resolicitiation. Otherwise the bid/proposal may be rejected and new bids or offers may be solicited or the proposed procurement may be cancelled.

C. Bids are to be delivered to the Central Services, 710 William Street, Dover, Delaware 19904. They will be opened in the presence of the Purchaser or her/his designee. All bids shall become public record and shall be available for public inspection after it has been determined that there is no proprietary information within the bids. Copies of bids will not be provided to competing vendors. The documents related to the bids and award of the contracts shall be retained for a minimum of three years for unaccepted bids and five years for accepted bids by the Central Service Department. After this period, they may be destroyed by the Central Services Department following the internal guidelines in place by the City Clerk's Office and the State Bureau of Archives Retention Schedule.

D. For materials, supplies, equipment, and construction work, the department requesting the quotations will supply Central Services with clear bid specifications. Such specifications should rigorously meet the need of the City of Dover, but not be so all inclusive as to effectively eliminate all but one vendor.

F. The City reserves the right to pre-qualify bidders. This pre-qualification does not prohibit the City from determining, in its sole opinion, the most suitable bid for the particular product or projects.

G. For purchases $25,000 and greater, vendor references may be checked. This will be done to verify the bidder's ability to perform the contract requirements, the quality of work and the ability to meet obligations in case of non-fulfillment of the contract.

H. The bid notice prepared by Central Services shall provide the specifications or details of how vendors can obtain specifications. The bid notice shall also specify the closing date, time and place for receiving the bids, opening of the bids, where potential bidders may obtain contract documents, and the fee for each contract. A fee in an amount capable of recovering the cost of preparation of the specifications may be charged when specifications are picked up by the vendor.

I. A bid bond or certified check in the amount equivalent to ten percent (10%) of the bid amount should be required with each bid for construction work, materials, supplies, or equipment over $25,000. The requirement for a bid bond may be waived by the Central Services Purchaser and Department Head when the bid is for items being purchased for stock. A bid bond may be required by the requesting department regardless of the dollar value of the bid. Acceptable bid security shall be limited to a bid bond in a form satisfactory to the City underwritten by a company licensed to issue bid bonds in this state or a bank certified check. If a bid does not comply with security requirements, it shall be rejected as being non-responsive. The required bid bond shall be in substantially the format as identified in APPENDIX B.

The check or bid bond of the bidder to whom the contract is awarded will be forfeited to the City of Dover as liquidated damages in case the contract and performance bond are not executed within fifteen days after receiving official notification of award.

J. A performance bond shall be required from the successful bidder for a construction contract. Such a bond shall be for the full amount of the contract. If the contractor fails to provide such a bond or a binder within fifteen days of the award of the contract, the award of the contract or the contract shall be void. The required performance bond shall be in substantially the format as identified in APPENDIX C.

Other insurance or bonds as required by State and/or Federal laws shall be furnished by the contractor. The amounts and the types of the bonds and insurance required shall be disclosed in the bid specifications. The bond shall be released by the City of Dover upon successful completion of the contract and upon a detailed inspection of the contracted work.

K. The City of Dover shall have the right to reject any or all bids if deemed to be in the best interest of the City.

L. All bids submitted to the City of Dover shall be such as to comply with the applicable local, state and federal requirements.

II. COMPETITIVE SEALED PROPOSALS

Evaluation of proposals must adhere to the following guidelines:

a. Determine what proposals are acceptable and unacceptable
b. A determination that a proposal is unacceptable shall be in writing, state the basis for the determination and be retained in the procurement file
c. The offeror shall not be afforded an opportunity to modify its offer

Negotiation with individual offerors

a. The department can negotiate with individual offerors after their proposals are opened.
b. Formalized procedures should be established and consistently applied to each offer
c. Disclosure of one offerors price to another is prohibited
d. The department must send a written request for best and final offers setting forth the date, time, and place for submission of best and final offers
e. The department must inform the offerors that if they do not submit a notice of withdrawal or a best and final offer, their immediate previous offer will be construed as their best and final

Final Award

a. The contract shall be awarded within 90 days of the closing date
b. The department shall award a contract to the offeror whose proposal is determined in writing to be most advantageous to the City
c. The determination shall explain the basis of the award
d. Central Services shall notify each unsuccessful offeror in writing of the award

APPENDIX B

SAMPLE BID BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, that we, _____

as Principal, hereinafter called the Principal and *[Bonding Company]* (hereinafter called the "Surety"), a corporation duly authorized to transact business in _____ and having its principal office at _____, are held and firmly bound unto the City of Dover, for the sum of _____Dollars ($_____), for payment of which sum well and truly to be made, the said Principal and said Surety bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for *[Identify project by number and brief description]*.

NOW, THEREFORE, if the City of Dover shall accept the bid of the Principal and the Principal shall enter into a Contract with the City of Dover in accordance with the terms of such bid, and give such bond or bonds as may be specified in the bidding or Contract Documents with good and sufficient surety for the faithful performance of such Contract and for the prompt payment of labor and material furnished in the prosecution thereof, or in the event of the failure of the Principal to enter such Contract and give such bond or bonds, if the Principal shall pay to the City of Dover the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the City of Dover may in good faith contract with another party to perform work covered by said bid or an appropriate liquidated amount as specified in the Invitation for Bids then this obligation shall be null and void, otherwise to remain in full force and effect

Signed and sealed this _____ day of _____, 20 _____ .

Witness of Attest: _____(Witness)

By: _____(Principal)

By: _____(Surety)

IMPORTANT: Surety Companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the project is located.

APPENDIX C

SAMPLE PERFORMANCE BOND

Bond No. _____

KNOW ALL MEN BY THESE PRESENTS, that *[Here insert the full name and address or legal title of the contractor]* as Principal, hereinafter called Contractor, and *[Bonding Company]* (hereinafter called the "Surety"), a corporation duly authorized to transact business in and having its principal office at _____, are held and firmly bound unto the City of Dover, as Obligee, in the amount of *[Here insert a sum equal to the total amount of the contract price]* Dollars ($_____), for the payment whereof Contractor and Surety bind themselves, their heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, Contractor has by written agreement dated _____, 20 _____, entered into a contract with the City of Dover for *[Describe project and insert project number]* in accordance with drawings and specifications prepared by *[Here insert full name and address or legal title of Architect]* which contract is by reference made a part hereof, and is hereinafter referred to as the Contract.

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION is such that, if the Contractor shall promptly and faithfully perform said Contract then this obligation shall be null and void; otherwise it shall remain in full force and effect. The Surety hereby waives notice of any alteration or extension of time made by the City of Dover and its obligation is not affected by any such alteration or extension provided the same is within the scope of the contract. Whenever the Contractor shall be, and is declared by the City of Dover to be in default under the Contract, the City of Dover having performed the City of Dover's obligations thereunder, the Surety may promptly remedy the default or shall promptly:

1) Complete the Contract in accordance with its terms and conditions; or
2) Obtain a bid or bids for completing the Contract in accordance with its terms and conditions, and upon determination by the City of Dover and the Surety jointly of the lowest responsive, responsible bidder, arrange for a contract between such bidder and the City of Dover, and make available as work progresses sufficient funds to pay the cost of completion less the balance of the contract price; but not exceeding, including other costs

and damages for which the Surety may be liable hereunder the amount set forth in the first paragraph hereof. The term “balance of the contract price,” as used in this paragraph, shall mean the total amount payable by the City of Dover to the Contractor under the Contract and any amendments thereto, less the amount properly paid by the City of Dover to the Contractor. No right of action shall accrue on this bond to or for the use of any person or corporation other than the City of Dover or successors of the City of Dover.

Signed and sealed this _____ day of _____, 20 _____ .

Witness of Attest: _____(Witness)

By:_____(Principal)

By:_____(Surety)

IMPORTANT: Surety Companies executing BONDS must appear on the Treasury Department's most current list (Circular 570 as amended) and be authorized to transact business in the state where the project is located.

APPENDIX D

GLOSSARY

"Addendum" An addition or supplement to a document, for example, items or information added to a procurement document.

"Award" The presentation, after careful consideration, of a purchase agreement or contract to the selected bidder or offeror.

“Best and Final Offer” In competitive negotiation, the final proposal submitted after negotiations are completed that contains the vendor’s most favorable terms for price and services or products to be delivered.

“Best Value” An assessment of the return that can be achieved based on the total Life Cycle Cost of the item; can include an assessment of the functionality of the item; can use cost/benefit analysis to define the best combinations of quality, services, time, and cost considerations over the useful life of the acquired item.

"Bid" An offer submitted by a prospective vendor in response to an invitation to bid issued by a purchasing authority; becomes a contract upon acceptance by the buyer.

"Bid Bond" An 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, and if the contract is awarded to the bonded (insured) bidder, the bidder will accept the contract as bid, or else the surety will pay a specific amount.

"Bid Protest" A formal complaint made against the methods employed or decisions made by a procurement authority in the process leading to the award of a contract.

"Brand Name or Equal Specification" A specification using one or more manufacturers’ brand names, with identifying model numbers, to describe the standards of quality, performance or other characteristics needed to meet the requirements of a solicitation, and which invites bids for equivalent products from any manufacturer.

"Brand Name Specification" A specification using one or more manufacturers’ brand names, with identifying model numbers, to describe the acceptable items; all other items will be excluded.

"Buyer" 1: A purchaser, can refer to the buying agency or government. 2: A worker in a procurement office who is appointed to purchase a specific range of goods or services on a routine basis, usually under the supervision of a section head or purchasing manager.

"Capital Asset" An asset with a life of more than one year, either tangible or intangible, with a value above a certain minimum amount set by the jurisdiction. For the City, this amount is $4,999.

"Certain Professional Services" means those services within the scope of the practice of architecture, professional engineering, professional land surveying, landscape architecture and geology.

"Change Order" A written alteration to a contract or purchase order, signed by the purchasing authority.

"Clarification" A communication with an offeror for the sole purpose of eliminating minor irregularities or apparent clerical mistakes in a proposal; may be initiated by either offeror or purchaser; does not give the offeror an opportunity to revise or modify its proposal, except to the extent the correction of apparent clerical mistakes results in revision.

"Combination Specification" Has the features of both design specifications and performance specifications.\

"Commodity" Any moveable, tangible article of trade or commerce.

"Commodity Code" A system of words or numbers designed to identify and list commodities or services by classes or sub-classes. For the City, the commodity code is the first three numbers of stock code and the sub-commodity is the second three numbers of the stock code. A list can be printed from HTE.

"Competitive Sealed Bidding" Preferred method of acquiring goods, services, and construction for public use in which the award is made to the lowest responsive and responsible bidder, based solely on the response to the criteria set forth in the invitation to bid; does not include discussions or negotiations with bidders. Also called formal bid and formal advertised bid.

"Contract" 1: A legally binding promise, enforceable by law. 2: An agreement between parties, with binding legal and moral force, usually exchanging goods or services for money or other consideration. 3: All types of agreements, regardless of what they may be called, for the procurement or disposal of supplies, services, or construction.

"Contract Modification" Any written alteration in specifications, delivery point, rate of delivery, period of performance, price, quantity, or other provision of any contract, accomplished by mutual action of parties to the contract.

"Depreciation" 1: A decrease in value because of use, time, deterioration, inadequacy or obsolescence. 2: An accounting recognition of loss of value of a fixed asset.

"Designee" A duly authorized representative.
"Design Specification" A specification establishing the characteristics an item must possess, including sufficient detail to show how it is to be manufactured.

"Economic Order Quantity (EOQ)" A quantity providing the lowest acquisition, inventory costs at a minimum cost per unit.

"Emergency Purchase" A purchase made to alleviate a situation in which there is a threat to health, welfare, or safety under certain conditions defined as an emergency by the jurisdiction, that does not allow time for normal, competitive purchasing procedures.

"F.O.B. Destination" Title changes hands from vendor to purchaser at the destination of the shipment; Vendor owns goods in transit and files any claims. Payment of freight charges is determined by contract terms.

“Functional Specification” A specification setting forth the results required from the supply or service.

"Indemnify" 1: To protect against hurt or loss, to exempt from incurred penalties or liabilities. 2: To compensate or pay for damage.

"Informal Bid" A competitive bid or price quotation for supplies or services that is conveyed by letter, telephone, or other means and does not require a sealed bid, public opening, or public reading of the bids. See request for quotation.

"Invitation to Bid" A formal request to prospective vendors soliciting price quotations or bids; contains, or incorporates by reference, the specifications or scope of work and all contractual terms and conditions.

“May” Denotes the permissive in a contract clause or specification.

“Non-responsible Bid” A bid from a vendor who does not have the capability to perform fully the contract requirements, or who does not have the integrity and reliability to assure performance.

“Non-responsive Bid” A bid that does not conform to the mandatory or essential requirements of the invitation to bid.

"Open Market Purchase" A purchase, usually of a limited monetary amount, from any available source.

“Performance Bond” A bond executed subsequent to award by a successful bidder, to protect the buyer from loss due to the bidder’s inability to complete the contract as agreed; Secures the fulfillment of all contract requirements.

“Performance Specification” A specification setting forth the capabilities and performance characteristics the article must satisfy.

“Pre-bid Conference” A meeting held with prospective bidders prior to solicitation of bids, to clarify any ambiguities, answer bidder questions, and ensure all bidders have a common basis of understanding regarding the supplies or services required.

“Pre-proposal Conference” Same as a pre-bid conference, but for competitive proposals.

“Prequalification of Bidders” The screening of potential vendors in which such factors as financial capability, reputation, and management are considered in order to develop a list of qualified vendors.

"Procurement" 1: Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration. 2: The combined functions of purchasing, inventory control, traffic and transportation, receiving, receiving inspection, storekeeping, and salvage and disposal operations.

"Professional Services” Services rendered by members of a recognized profession or possessing a special skill. Such services are generally acquired to obtain information, advice, training, or direct assistance (i.e. architectural & engineering services).

"Public Works and Utilities Contract" means any contract for the construction, reconstruction, alteration or repair of any public building, road, street, highway, utility system or other public improvement, the cost of which will be paid with public funds.

"Reasonable Cost" A cost that by its nature or amount does not exceed what would normally be incurred by an ordinarily prudent person in the conduct of competitive business.

"Request for Proposal" All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals.

“Request for Quotation” An informal solicitation or request for information, where oral or written quotes are obtained from vendors, without formal advertising or receipt of sealed bids. Used only where statutes do not require formal sealed bids, such as small or emergency purchases, but price competition is desired.

"Responsible Bidder or Offeror" A bidder or offeror who has the capability in all respects to perform fully the contract requirements, and the experience, integrity, perseverance, reliability, capacity, facilities, equipment, and credit which will assure good faith performance.

"Responsive Bidder or Offeror" A bidder or offeror who has submitted a bid which conforms in all material respects to the requirements stated in the Invitation to Bid.

“Restrictive Specification” Specification that unnecessarily limits competition by eliminating items capable of satisfactorily meeting actual needs, often by requiring features which exceed the minimum acceptable characteristics required for satisfactory performance.

"Shall" Denotes an imperative in contract clauses or specifications.

“Small Purchase” Any procurement not exceeding a given upper monetary limit, as established by law or regulation.

"Single Source Procurement" A contract for the purchase of goods and services entered into after soliciting and negotiating only with one source, usually because of the technology required or uniqueness of the service provided.

"Sole Source Procurement" Only one vendor/manufacturer possesses the unique and singularly available capability to meet the requirement of the solicitation, such as technical qualifications, ability to deliver at a particular time, or services from a public utility.

"Specification" A description of the physical or functional characteristics, or the nature of a supply, service, or construction item; the requirements to be satisfied by a product, material, or process indicating, if appropriate, the procedures to determine whether the requirements are satisfied. See Brand Name Specification, Brand Name or Equal Specification, Combination Specification, Design Specification, Performance Specification, Restrictive Specification, Standard Specification.

"Standard Specification" A specification that is to be used for all or most purchases of an item; describes all required physical and functional characteristics of a good, service or construction.

"Statement of Work" A detailed description of the work which the purchasing jurisdiction wants the contractor to perform.

"Term Contract" A contract in which a source of supply is established for a specified period of time for specified services or supplies; Usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.

Source of Definitions: Dictionary of Purchasing Terms published by the National Institute of Governmental Purchasing.

RESOLUTION ADOPTING A SLUM CLEARANCE AND REDEVELOPMENT AUTHORITY IN ACCORDANCE WITH THE PROVISIONS OF 31 DEL. C. §4501, *ET SEQ.*

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF DOVER IN COUNCIL MET:

WHEREAS, the Slum Clearance and Redevelopment Authority Act passed by the General Assembly and codified in 31 Del. C. §4501, *et seq.*, provides that the City of Dover may, by resolution, adopt the exercise of powers, functions, and duties by the community itself as provided in this Act; and

WHEREAS, in adopting this resolution, the City of Dover must find that one or more slum or blighted area (as defined in §4501 of Title 31) exists in the City of Dover and that redevelopment of such areas is necessary in the interest of the public health, safety, morals, and welfare of the residents of the City of Dover which is the finding of Council; and

WHEREAS, in accordance with the provisions of §4503 of Title 31, Council finds it to be in the public interest for the City of Dover to exercise such powers, functions, and duties by itself.

NOW, THEREFORE, BE IT RESOLVED that:

1. Council, having made the findings necessary as stated in 31 Del. C. §4504, as stated in this Resolution and, further, that the exercise of powers, functions, and duties under the Slum Clearance and Redevelopment Authority Act should be adopted by the City of Dover as the Slum Clearance and Redevelopment Authority as defined in 31 Del. C. §4501(2), such adoption and findings are hereby made by this Resolution.

SYNOPSIS

The General Assembly of the State of Delaware passed the Slum Clearance and Redevelopment Authority Act which allows municipalities to create Slum Clearance and Redevelopment Authorities or for the municipality to act as the authority to designate and make arrangements to clear up blighted areas in the community with broad powers as defined in 31 Del. C. §4516 to prepare redevelopment plans; contract for furnishing of repairs; to purchase lease and obtain options on land; to condemn property; to issue bonds and borrow money; and to exercise other broad powers to alleviate blighted areas in the community. Rather than designating a separate authority to carry out these powers and duties, it is determined at the present time that Council should retain these powers itself although in the future it may choose to set up a separate authority in accordance with the provisions of the Act.