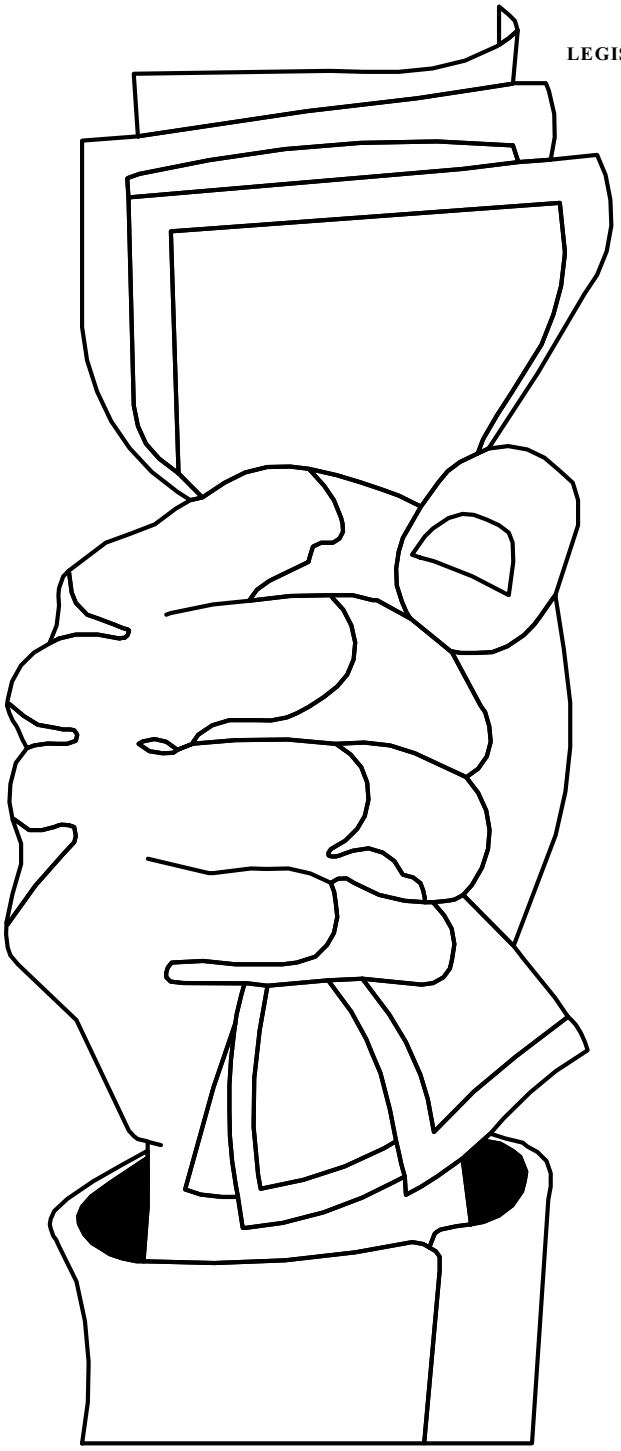


CITYOF DOVER

PURCHASING POLICY

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PURCHASING POLICY

SECTION 1 - THE PURPOSE

1.1 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 Acceptance of any gift items or any free services for personal use is PROHIBITED, and all employees and appointed officials must not become obligated to any supplier/firm and shall not conduct any City purchasing transactions from which they may personally benefit. All City of Dover Departments involved in the purchasing process must refrain from any activities that would constitute or lead to a conflict of interest with a supplier or contractor.

2.2 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).

2.3 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.

2.4 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 Finance Director or the City Manager.

SECTION 3 - PURCHASING AUTHORITY AND PROCEDURES GUIDELINES FOR MATERIALS AND SUPPLIES

This section outlines the purchasing limits and guidelines for materials and supplies based on the purchase amount.

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

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. Please refer to section 3.11.

3.1 PURCHASES FOR $2,500 OR LESS

Purchases for $2,500 or less must be authorized at the department head level.

3.2 PURCHASES OVER $2,500 TO $25,000

All purchases with an estimated value of $2,500 to $25,000 each will be made by Central Services through written quotations from vendors. The department should enter the bids into the HTE system, Purchasing/Receiving Menu, or send to Central Services through interdepartmental mail. A list of at least three potential vendors must be supplied to Central Services. If fewer than three (3) vendors are supplied, justification must be included. Quotations will be solicited from all potential vendors. -

Purchases of fleet vehicles and associated equipment under $25,000 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. Items over the amount budgeted must attach a budget amendment form to the vehicle/equipment replacement request showing from what budget funds will be transferred to cover the amount over budget.

The purchase shall be awarded based on the lowest and the best quotation. Any purchase order over $2,500 requires the approval of the Finance Director and the signature of the City Manager. Fax and email quotations are acceptable f**or this category.**

Item numbers, quantities, unit cost, and extensions must be completed on every purchase order when purchasing materials or paying for contracted labor at hourly rates.

3.3 PURCHASES FOR $25,001 AND ABOVE:

A) All purchases with the estimated value of more than $25,000 shall be made by Central Services. The department should enter the bid through the HTE system, Purchasing/Receiving Menu, or send to Central Services through interdepartmental mail. A list of at least three potential vendors must be supplied to Central Services. These bids will be made through formal public bidding. Public bidding will consist of advertising for bid proposals at least once in a local daily newspaper and once in a regional daily newspaper two weeks ahead of the bid opening. It is in the best interest of the City of Dover to receive numerous bid proposals. Additional advertising is up to the discretion of the purchaser. All bids shall be sealed bids.

B) The lowest and/or most responsive bid will be accepted.

C) Bids will be opened publicly. The time and the date of the public bid opening shall be stated in the public notice for bids.

D) Bids are to be delivered to the Office of the City Clerk, 15 East Loockerman Street, Dover, Delaware 19901. They will be opened in the presence of the City Clerk 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.

E) All Public Works and utility type contracts shall follow the provisions of State of Delaware Code Title 29 as to the procurement of materials and professional services if applicable. (Funded by State/Federal programs; see, Section 5 of this policy, also.)

F) For materials, supplies, equipment, and construction work, the department requesting the quotations will supply Central Services with 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.

G) Purchases of materials, supplies, equipment and construction work exceeding $25,000, including purchases through State of Delaware contracts, and sole vendor items, shall require Council approval.

H) Purchases of fleet vehicles and associated equipment in excess of $25,000 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 a sole vendor, ~~or~~ when the vendor is not the low bidder, or when the purchase price is higher than the budgeted amount for that vehicle.

I) Faxed and email bids are not acceptable for this category.

J) The City of Dover is permitted to use state, county, municipal, and other government or private company contracts to purchase material once it has been determined that the procedures outlined within this policy will not be violated. Any deviation from this policy for the purpose of cooperative purchasing must be approved by the City Manager prior to entering into any purchase agreement.

K) When purchasing equipment or materials for which a trade-in is being offered, the evaluation criteria must be provided to Central Services by the requester. Following determination of product acceptability, if any is required, bids will be evaluated to determine which bidder offers the lowest cost to the City in accordance with the evaluation criteria set forth in the invitation for bids.

For asset accounting purposes, the full purchase price, not including any trade in value, must be entered on the purchase order. Any trade-in allowance must be added to the purchase order as a negative item. If a temporary funds override is required, it must be approved in advance in accordance with paragraph 2.4 of this policy. In the event the trade in has not been fully depreciated, any value in excess of the trade-in allowance will be charged to the department.

3.4 VENDOR REFERENCES:

For the purchases in Section 3.~~2~~3 described previously, 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.

3.5 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.

3.6 BID NOTICE:

The departments are responsible for supplying Central Services with detailed and clear bid specifications for materials, supplies, equipment, and construction work. 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.

3.7 BID BOND:

A bid bond or certified check in the amount equivalent to ten percent (10%) of the bid amount shall 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 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.

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.

3.8 PERFORMANCE BOND:

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.

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.

3.9 RIGHT TO REJECT:

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.

3.10 COMPLIANCE WITH THE LAWS:

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

3.11 SUBDIVIDING THE PURCHASES:

The City of Dover departments shall not subdivide purchases or contracts to avoid the requirements of this purchasing policy.

3.12 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.

3.13 WARRANTIES:

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

3.14 STATE CONTRACTS:

When it is advantageous and possible to obtain an item through the State contract, the purchaser will use the State contract firm for the purchases.

3.15 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 as follows:

A) Due to unforeseen changes, department heads are authorized to sign purchase order changes on purchases of equipment/vehicles when the amount of the item is still within the amount budgeted for that item

B) For purchases under Section 3.2 the Purchaser is authorized to sign purchase order changes up to and including 25% of the original purchase amount when the total dollar value of the purchase order does not exceed $25,000 and the amount of the item is still within the amount budgeted for that item. Change orders that increase the overall dollar value of the purchase from a value below $25,000 to a value above $25,000 must be approved by the City Manager.

C) For purchases under Section 3.3, the City Manager is 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 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 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 budget and/or the approved Council Action Form, and the purchase is greater than $1,000,000.

3.16 EXCEPTIONS:

A) Sole Vendor:

The provisions of this policy will not apply in cases where there is only one vendor providing the materials, equipment, supplies or construction. In these cases, advertising is not required. If the purchase is over $25,000 however, it must be presented to Council for approval. Sole vendors must be justified in writing to Central Services.

B) Items placed on blanket bid for warehouse stock shall not be subject to Council approval as these items are purchased as individual units and not in blocks.

C) Negotiations:

In a purchasing situation where negotiations are involved with the vendor(s), the provisions of this policy may not apply. Notwithstanding the above, negotiated contracts for over $25,000 will be approved by the City Council.

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 $25,001 must be presented to Council for their approval.

E) Continuity of Service:

When, because of a breakdown or accident, 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 CONTINUITY OF SERVICE.

F) Emergency:

In situations of emergency, acts of God, strikes and the like, the rules of this policy may not apply. The Mayor or City Manager will be responsible for making a decision as to the existence of the emergency.

G) Minority Vendor Preference:

Minority 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 be identified 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.

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. 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.

3.17 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.

3.18 PRE-QUALIFYING BIDDERS:

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.

3.19 PREPARING SPECIFICATIONS:

The department requesting the purchases through Central Services will prepare the complete specifications and submit them to Central Services.

SECTION 4 - PROFESSIONAL SERVICES GUIDELINES

This section provides the guidelines and procedures for the procurement of professional services which are not covered by Chapter 69, Sub-Chapter II of the State of Delaware Code which relates to Public Works and utility type contracts.

SCOPE AND EXAMPLES:

Examples of the professional services covered under this section are: consulting for a rate study, audit services, financial services, and computer related consulting.

These are only examples, and the scope of the provisions of Section 4 is not limited to these examples.

CERTAIN PROFESSIONAL SERVICES NOT INCLUDED:

For clarity, it is reaffirmed that the following services are not covered by the provisions of this section: Services within the scope of the practice of architectural, professional engineering, professional land surveying, landscape architectural services and geology. These services are covered under Chapter 69, Sub-Chapter II of the State of Delaware Code when applicable.

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. 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

4.2 TOTAL COST UP TO $7,500:

The purchasers are encouraged to invite a minimum of two 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 purchaser shall use the "Request for Proposal" method and in conjunction with the Central Services 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 and expenses
4) last date for submitting the proposal
5) 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 MORE THAN $25,000:

For professional services with fees and expenses totaling more than $25,000, the City Council's approval is required.

Fax and email 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 3.15 will apply to professional services in regards to change orders.

SECTION 5 - PUBLIC WORKS 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 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.

5.1 CHAPTER 69 OF STATE OF DELAWARE CODE:

The provision sections of Chapter 69, Sub-Chapters IV and V are hereby adopted by reference (Appendix A) by the City of Dover.

SECTION 6 - RECEIVING

6.1 No employee shall pick up or receive goods without his or her supervisor's authorization. Any items over the purchase amount of $2,500 will be received by Central Services receiving staff. 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.

6.2 While taking delivery of items over the bid amount of $2,501 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. Purchases over $2,500 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 February 14, 2005

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