TOWN OF RANGELEY

PURCHASING POLICY

In accordance with M.R.S.A., Title 30-A, Section 2317, the Town Manager shall act as the Purchasing Agent for the Town and have under his/her supervision and management the purchase of all supplies, materials, and equipment used in the operation and maintenance of its various departments. The Town Manager shall conduct purchasing functions in accordance with the provisions of this policy.

Purchasing of Supplies, Material and Equipment

The following are methods of procurement to be used under this policy.

1. **Low Value** – Purchases that are random in nature, and are not included in a price agreement or available in inventory and under $1,000.00 in value may be purchased by the department using a purchase order, petty cash, quick check, credit card or placed on account.

2. **Negotiated Agreements** – In order to guarantee a continuous supply of various goods and services which are required on a day to day basis, while at the same time assuring that the competitive purchase system is followed, the purchasing agent shall establish price agreements. These arrangements between the municipality and the supplier commit the seller to provide goods or services at a specific price for a specific period of time. Price agreements are governed by the purchasing guidelines listed in this policy.

3. **Bids** – An invitation to bid solicits competitive pricing. It is used when detailed specifications are available that permit the evaluation of bids against clearly stated criteria and specifications. A request for tenders is a formal, competitive sealed bidding process. It is normally used for the procurement of higher priced goods, services, and equipment or construction projects. Normally bid deposits and performance security are required. The bids and prices are provided without condition or reservation and where an award can be made without negotiation. Submissions are compared to the specifications and requirements contained in the bid documents. The award is normally to the lowest total cost bid received from a responsible bidder meeting the requirements of the bid.

4. **Two Phase Bids** – Where detailed specifications are not available and it is impractical for the municipality to prepare the specification, a two-phase bid may be issued, inviting the submission of bids as follows:

   - Phase One – one or more steps in which bidders submit proposals for evaluation either with or without prices in a separate submission and;
   - Phase Two – Only those bidders whose bids were determined to be acceptable will be entitled to submit priced bids for consideration, or; where prices have been separately submitted in phase one, such bids are opened.

This type of procurement has the advantage of a request for proposal in phase one and the advantages of a tender in phase two.

5. **Request for Proposal**
   A. A request for proposal is an invitation to suppliers, either orally or in writing, to describe how their services, methods, equipment or products can address and/or meet specific needs of the municipality. It is used when a supplier is invited to propose a solution to a problem, requirement, or objective. Unlike bids (tenders) and request for proposals are compared to each other to access the best proposal.

   B. Negotiations may be conducted with the submitters after the date for the receipt of proposals provided such discussions or negotiations are conducted to:

      - Award equitable treatment to each acceptable offer with the respect to an opportunity for discussion and revision of the proposal.
      - Prevent the disclosure of the content of the discussion or negotiations with the offeror to another offeror.

   C. Proposals submitted in response to a request for proposal need not be opened in public but will be opened in the presence of the Town Manager. A list of submissions will be available to the public on request.

   D. An award based upon a request for proposal will be made to the supplier, whose proposal is determined to be the most advantageous to the municipality based upon criteria for evaluation set out in the request for proposal and equitably applied to all proposals.

6. **Request for Quotation** – Is usually an informal request for prices of goods and services and is normally used where bid deposit and performance bonds are not required and where the cost of the work does not warrant the time and/or level of effort required for a formal bid process. Quotations can be either written or verbal depending upon the cost of the goods and services.

7. **Negotiations**
   A. Negotiations with one or more suppliers for the supply of goods and/or services would take place when any of the following conditions exist:

      - Due to market conditions goods and/or services are in short supply;
      - There is only one source of the goods or services;
      - Efforts at tracking identical bids have previously been unsuccessful and the same goods or services are required again;
      - All bills received are not acceptable or exceed the amount budgeted for the purchase.
      - The extension or reinstatement of and existing contracts would be more cost effective or beneficial to the municipality. The extension or reinstatement of existing contracts are subject to the approvals listed in Section 9 – Award of Contracts.
      - When authorized by the Town Manager.

8. **Sole Source Purchases** – This occurs when there is only one available supplier of a required product or service that meets the needs of the municipality. Negotiation is the method of

purchase used to complete the terms and conditions for this purchase, with sole source purchases exceeding $5,000 requiring approval by the Board of Selectmen. A sole source purchase occurs:

- Where the compatibility of a purchase with existing equipment, facilities or service is a paramount consideration and the purchase must be made from a sole source.
- Where an item is purchased for testing or trial use.
- Where the municipality has a rental contract with a purchase option and such purchase option could be beneficial to the Municipality.
- Where items are offered for sale by bid, auction or negotiation, such a purchase will be deemed a single source purchase and the Town Manager may authorize the submission of a bid on the conduct of negotiations where the Town Manager determines the purchase to be in the best interest of the Town of Rangeley.
- For matters involving security, police matters or confidential issues, a purchase may be made in a manner that protects the confidentiality of the contractor or the municipality. Such purchases may be made as a sole source purchase. Purchases of this nature must be approved by the Town Manager.

Spending Limits

The following guidelines will be followed for the purchase of goods and services for the Town of Rangeley.

- **Up to $1,000.00** – The acquisition of goods and services and not covered by a price agreement or contract may be purchased by the department head in accordance with the principles set out in this policy.
- **More than $1,000.00 but less than $5,000.00** – For the acquisition of goods and services within this range a request for quotation will be solicited by the department head in consultation with the purchasing agent. These quotations should be provided by fax or e-mail and attached to the purchase order. The purchase order must be authorized by both the department head and the purchasing agent and the item must be clearly identified in the approved operating or capital budget.
- **$5,000.00 but less than $10,000.00** – For the acquisition of goods and services within this range at least three written quotations will be solicited by the department head in consultation with the purchasing agent. The purchasing agent will maintain a centralized bidders list and quotations in this range will either be publicly advertised or notification will be sent to vendors registered on this vendor list. Registration for this list will be advertised a minimum of once per year. The purchase order is to be authorized by the department head and the purchasing agent and the funds must be clearly identified in the approved operating or capital budget.
- **$10,000 or greater** – In most cases, acquisitions of goods and services with a value of more than $10,000.00 will be through the formal bid process. These acquisitions will be advertised in one or more publications of general circulation. Tenders in this range will be acknowledged at a public opening at a designated date and time. The purchase order will be authorized by the department head and the purchasing agent and the item must be identified in the approved operating or capital budget.

Emergency Purchases

A. An emergency purchase occurs when a situation creates immediate and serious need which may not be reasonably met by any other procedure and includes without limitation:
   - A condition where lack of supplies or services may adversely affect the functioning of civic government, threaten public or private property or the environment, or jeopardize the health or safety of the public.
   - Interim contractual arrangements following the expiration, breach of contract, or the receipt of unacceptable or uncompetitive bids.

B. Emergency purchases are completed using the most expedient method, but will take economy into consideration.

C. Must be authorized by the Department Head, Town Manager, and Treasurer with notification to the Board of Selectmen.

Sale of Town Property

The Town Manager shall oversee the sale of surplus, obsolete, or unused supplies, material and equipment whenever the same shall no longer be required for municipal services.

1. A formal written recommendation or request must be submitted to the Town Manager for final approval by the Board of Selectmen prior to the sale of surplus, obsolete or unused supplies, material and equipment.

2. All departments or town employees must submit six (6) copies of any written recommendations or requests to the Town Manager's Office for final approval by the Board of Selectmen.

3. Seven (7) copies of notification of sale of surplus, obsolete, or unused supplies, material and equipment will be submitted to the Town Manager's Office, along with one (1) copy to the Treasurer.

Adopted by the Board of Selectmen 12/3/2002