



## **Town of Carolina Beach Procurement Policy**

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## **Procurement Policy**

### **Section 1: Purpose**

**Application of Policy.** The purpose of this policy is to establish guidelines for the procurement of goods, apparatus, supplies, materials, equipment, professional and non-professional services, and construction or repair work that is funded, in whole or in part, with federal financial assistance.

The Town of Carolina Beach shall comply with the standards established in this policy, as well as with state law and any other policies and procedures adopted by the Town. The requirements of the Policy also apply to any subrecipient of federal financial assistance. In the case of a conflict in governing law or local policy, the Town shall follow the most restrictive rule.

**Compliance with Federal Law.** Unless otherwise directed in writing by the federal awarding agency, or by a state agency acting as a passing-through entity, all procurements that involve the expenditure of federal financial assistance (federal awards) shall be conducted in accordance with the federal procurement requirement identified in 2 C.F.R. §§ 200.318–.327, of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance).

### **Section 2: Code of Conduct**

The Town has adopted standards of conduct covering conflicts of interest and governing the actions of its employees, officers, and agents who are engaged in the selection, award, and administration of federal award contracts.

### **Section 3: Pre-Solicitation Requirements**

Prior to any procurement transaction, the following pre-solicitation requirements shall be considered.

1. **No Evasion.** No contract may be intentionally divided into two or more separate purchases with the intent to avoid federal or state competitive procurement requirements.
2. **Interlocal Agreements.** The Town shall explore the feasibility of entering into state and local intergovernmental agreements, cooperative agreements, or inter-entity agreements when procuring common goods and shared services. Competition requirements may be met with documented procurement actions using strategic sourcing, shared services, and other similar procurement arrangements.<sup>1</sup>

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<sup>1</sup> [2 C.F.R. § 200.318\(e\)](#).

3. **Surplus Property.** The Town shall avoid the acquisition of unnecessary or duplicative items and shall explore the feasibility of purchasing federal surplus property in lieu of purchasing new equipment and property.<sup>2</sup>
4. **Value Engineering.** The Town shall consider opportunities to use value engineering in contracts for construction projects of sufficient size to offer reasonable opportunities for cost reductions. Value engineering involves analyzing each contract item or task to ensure it is essential and is provided at the lowest overall cost.<sup>3</sup>
5. **Domestic Preferences.** To the greatest extent practicable, the Town will provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States, including but not limited to iron, aluminum, steel, cement, and other manufactured products.<sup>4</sup>
6. **Contracting with Minority-Owned, Women-Owned, Veteran-Owned, Small Businesses and Labor Surplus Firms.** When possible, take steps to ensure assure that minority businesses, small businesses, women’s business enterprises, veteran-owned businesses, and labor surplus area firms are considered for contracts.<sup>5</sup> Consideration means:
  - a. these business types are included on solicitation lists and solicited whenever they are deemed eligible as potential sources.
  - b. dividing, when economically feasible, project requirements into separate procurements to permit maximum participation.
  - c. establishing delivery schedules that encourage participation.
  - d. identifying firms through the U.S. Small Business Administration (SBA)<sup>6</sup> and the U.S. Department of Commerce’s Minority Business Development Agency<sup>7</sup> of the Department of Commerce.
  - e. requiring the prime contractor, if subcontracts are to be awarded, to make reasonable efforts to apply this section to subcontracts.<sup>8</sup>
7. **Cost or Price Analysis.** Prior to awarding a contract, Town shall perform a cost or price analysis in connection with every procurement above the Simplified Acquisition Threshold, including contract modifications.<sup>9</sup> The method and degree of analysis will vary depending on the facts. The independent estimate shall be conducted *before*

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<sup>2</sup> [2 C.F.R. § 200.318\(f\).](#)

<sup>3</sup> [2 C.F.R. § 200.318\(g\)](#)

<sup>4</sup> [2 C.F.R. § 200.322\(a\);](#)

<sup>5</sup> [2 C.F.R. 200.321.](#), [13 C.F.R. Part 121.](#)

<sup>6</sup> <https://www.sba.gov/>.

<sup>7</sup> <https://www.mbd.gov/>.

<sup>8</sup> [2 C.F.R. § 200.321;](#) [45 C.F.R. § 75.330.](#)

<sup>9</sup> [2 C.F.R. § 200.324.](#)

receiving bids or proposals.

- a. A price analysis involves the evaluation of the total proposed price without an evaluation of its separate cost elements and proposed profit. A price analysis is used to verify that the overall price for a specific item is fair and reasonable.
  - b. A cost analysis involves the evaluation of the separate elements that make up the total cost of a contract (e.g., labor, materials, profit, etc.). The cost analysis is required for new contracts and contract modifications or change orders, even when the change order results in a lower contract price.
8. **Procurement of Recovered Materials.** [Recipients and Subrecipients that are a state agency or a political subdivision of a state] shall comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act.<sup>10</sup>

#### Section 4: Solicitation Requirements

1. **Full and Open Competition.** Procurements shall be conducted in a manner that provides full and open competition to ensure objective supplier performance and eliminate unfair competitive advantage.<sup>11</sup> The Town shall remain alert to organizational conflicts which would jeopardize the negotiation process and limit competition. Examples of situations that may restrict competition include:
  - a. placing unreasonable requirements on firms in order for them to qualify to do business.
  - b. requiring unnecessary experience and excessive bonding or encourage or participate in non-competitive practices among firms or affiliated companies.
  - c. awarding non-competitive consultant retainer contracts except as expressly provided by funding-source regulations.
  - d. specifying (1) that only a “brand name” product be used instead of allowing an “equivalent product” to be offered, though a “brand name or equivalent” description may be used to define the performance or other salient requirements of procurement or (2) the specific features, performance, or other relevant requirements of the named brand that must be met by offerors; or
  - e. any arbitrary actions that limit or restrict competition.<sup>12</sup>
2. **Contractors Excluded from Bidding.** To ensure objective contractor performance and eliminate unfair competitive advantage, contractors that develop or draft specifications,

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<sup>10</sup> [2 C.F.R. § 200.323.](#)

<sup>11</sup> [2 C.F.R. 200.219\(f\)](#)

<sup>12</sup> [2 C.F.R. § 200.319\(b\).](#)

requirements, statements of work, or invitations for bids or requests for proposals are excluded from competing for the underlying procurement contract.<sup>13</sup>

3. **Prequalification.** The Town shall ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum open and free competition. The prequalified list shall be routinely updated. The Town shall consider objective factors that evaluate price and cost to maximize competition. Potential bidders shall not be precluded from qualifying during the solicitation period.<sup>14</sup>
4. **Product Descriptions.** All solicitations shall incorporate a clear and accurate description of the technical requirements for the property, equipment, or service to be procured. In competitive procurements, these descriptions shall not contain features which unduly limit competition. The description may include a statement of the qualitative nature of the property, equipment, or service and, when necessary, the minimum essential characteristics and standards to which the property, equipment, or service must conform. It shall conform if it is to satisfy its intended use.

Detailed product specifications shall be avoided whenever possible. When it is impractical or uneconomical to make a clear and accurate description of the technical requirements, a “brand name or equivalent” description of features may be used to define the performance or other salient requirements of procurement. The solicitation shall identify any additional requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.<sup>15</sup>

## **Section 5: Bidding Requirements**

### **Federal Procurement Procedures**

The Town shall comply with the procurement methods set forth in the Uniform Guidance at 2 CFR § 200.320 when entering into purchase, service, and construction contracts and repair contracts that will be funded, in whole or in part, with a federal award. The Town shall also comply with state law and local policy when soliciting bids and awarding contracts. In event of a conflict of law, the most restrictive requirement will be followed.

1. **Informal Procurement Methods:** When the value of the procurement will not exceed the simplified acquisition threshold (SAT) of \$250,000, the Town may conduct the procurement using one of the informal procurement methods: micro-purchases or simplified acquisitions.
  - a. **Micro-purchase:** (contracts costing less than \$10,000)

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<sup>13</sup> [2 C.F.R. § 200.319\(b\).](#)

<sup>14</sup> [2 C.F.R. § 200.319\(e\).](#)

<sup>15</sup> [C.F.R. § 200.319\(d\).](#)

The micro-purchase procurement method may be used when the aggregate amount of the purchase/contract is below the micro purchase threshold (\$10,000).<sup>16</sup> Micro-purchases may be awarded without competition provided the price term is considered to be fair and reasonable based on market conditions. When making a micro-purchase, the Town shall:

- i. Obtain price or rate quote from at least one qualified vendor or contractor.
- ii. Document in writing that the price or rate quote is fair and reasonable; and
- iii. To the extent practical, distribute micro-purchases equitably among qualified suppliers.<sup>17</sup>

b. **Simplified Acquisitions:** (Contracts above the micro-purchase threshold - \$250,000)

The simplified acquisition method is used for procurements in which the aggregate dollar amount is higher than the micro-purchase threshold but does not exceed the SAT (currently \$250,000). This method does not require formal advertisement.

- i. Obtain an adequate number of price or rate quotations from vendors or contractors (quotes may be received in any format, including email, phone, fax);
- ii. Maintain documentation of price the price and rate quotes; and
- iii. Award the contract on to the lowest cost responsible bidder.<sup>18</sup>

2. **Formal Procurement Methods:** For procurements that cost \$250,000 or more, the Town shall conduct the procurement in accordance with one of the formal procurement methods: sealed bids or proposals.

a. **Sealed Bids:** (Contracts costing \$251,000 or more)

The sealed bid method shall be the Town's preferred method for procuring construction and repair contracts, provided the following conditions are present: (1) a complete, adequate, and realistic specification or purchase description is available; (2) two or more responsible bidders are willing and able to compete effectively for the business; and (3) the procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

When the sealed bid method is used, the Town shall satisfy the following conditions:

- i. Solicit sealed bids from an adequate number of qualified sources and provide bidders with sufficient time to prepare a response prior to the

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<sup>16</sup> [2 C.F.R. § 200.320\(a\)\(1\)](#)

<sup>17</sup> [2 CFR § 200.320\(a\)\(1\).](#)

<sup>18</sup> [2 CFR § 200.320\(a\)\(2\)](#)

date set for bid opening. The Town attempts to acquire a minimum of three bids.

- ii. Publicly advertise the Invitation for Bid (IFB).
- iii. When possible, solicit price quotes from M/WBE/Veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
- iv. Include in the IFB any specifications and pertinent attachments, and clearly define the items or services in order to allow the bidder to properly respond.
- v. Publicly open bids at the time and place prescribed in the IFB.
- vi. Award a firm, fixed-price contract in writing to the lowest responsive and responsible bidder.
- vii. Document and provide a justification for all bids it rejects.<sup>19</sup>

**b. Competitive Proposals:** (Contracts costing \$250,000 or more for which the sealed bid method is not appropriate)

The Town shall use the competitive proposal method when the cost of the contract is above \$250,000 and when the sealed bids method is not appropriate. The Town is required to use the proposals method for qualification-based procurements in the selection of architectural and engineering (A/E) professional services. In the procurement of A/E professional services, the price will be negotiated after the most qualified firm is selected. When the competitive proposals method is used, the Town shall satisfy the following conditions:

- i. Publicly advertise the request for proposal (RFP) or request for qualifications (RFQ). Formal advertisement in a newspaper is not required provided the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
- ii. When possible, consider M/WBE/Veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
- iii. Identify evaluation criteria and relative importance of each criterion (criteria weight) in the RFP or RFQ.
- iv. Consider all responses to the publicized RFP to the maximum extent practical.
- v. Establish a written method for conducting technical evaluations of proposals and selecting the winning firm.
- vi. Award the contract on a fixed-price or cost-reimbursement basis to the most responsible firm with the proposal that is most advantageous to the Town, taking into account price and other factors identified in the proposal. Price may not be an evaluation factor for (A/E) service contracts.
- vii. **A/E Service Contracts:** For qualification-based procurement in the selection of architectural and engineering (A/E) professional services, qualifications are evaluated, and the most qualified offeror is selected,

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<sup>19</sup> [2 CFR § 200.320\(d\)\(1\)](#)



subject to negotiation of fair and reasonable compensation. Price shall not be solicited in the RFQ, or used as an evaluation criterion, in awarding A/E professional service contracts.<sup>20</sup>

3. **Noncompetitive Procurements.** Noncompetitive procurements are allowed only under the following conditions.
  - i. **Micro-purchases.** The aggregate dollar amount of the procurement does not exceed the micro-purchase threshold.
  - ii. **Sole source.** Item is available from only one source. The requesting department shall document the justification for and lack of available competition for the item. A sole source contract must be approved by the governing board.
  - iii. **Public Exigency or Emergency.** A public exigency or emergency will not permit delay the delay resulting from competitive bidding.
  - iv. **Agency Approval.** A federal agency or pass-through entity provides written approval.
  - v. **Inadequate Competition.** A contract may be awarded without competitive bidding when competition is determined to be inadequate after a minimum of two attempts to solicit bids from a number of sources as required under this Policy does not result in a qualified winning bidder.<sup>21</sup>

## Section 6: Contract Award

1. **Responsible Contractors.** Contracts shall only be awarded to responsible, responsive contractors/firms possessing the ability to perform successfully under the terms and conditions of the proposed procurement. “Responsible” refers to the character or quality of the bidder, with consideration being given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources. “Responsive” refers to the bidder’s compliance with all required specifications in the formal solicitation.

The Town shall consider contractor integrity, public policy compliance, proper classification of employees,<sup>22</sup> past performance records, and financial and technical resources when conducting a procurement transaction.<sup>23</sup> The Project Manager shall be responsible for maintaining documentation of this consideration.

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<sup>20</sup> [2 CFR § 200.320\(b\)\(2\).](#)

<sup>21</sup> [2 CFR § 200.320\(c\).](#)

<sup>22</sup> See the Fair Labor Standards Act, 29 U.S.C. 201, chapter 8.

<sup>23</sup> The requirement to consider the responsible contractor factors is part of the OMB 2024 update to the Uniform Guidance. Units should document that they considered these factors in determining if a contractor is responsible. This will be required for federal awards made on or after October 1, 2024.

2. **Suspension and Debarment.** Before awarding a contract, the Town shall verify that a potential contractor is not debarred or suspended using the System for Award Management (SAM.gov). If a contractor has been debarred, suspended, or is otherwise excluded from participation in a federal award program, the contractor may not be awarded the contract. The Project Manager shall maintain documentation of this verification.
3. **Bid Rejections.** Bid submissions and/or proposals may be deemed non-responsive, or contractors may be determined to be non-responsible, for any sound documented reason(s). The documentation will state the reason(s) why each bidder failed to satisfy the responsive, responsible contractor standard for a particular procurement.
4. **Estimated Costs.** The Town shall use estimated costs in negotiating contract terms only to the extent that the cost estimates included in negotiated prices are allowable under the 2 C.F.R. Part 200, Subpart E, "Cost Principles."<sup>24</sup>
5. **Bonding Requirements.** A federal agency or pass-through entity may determine it will accept the recipient or subrecipient's bonding policy for construction or facility improvement contracts or subcontracts above the simplified acquisition threshold (\$250,000). If such determination has not been made, Town shall require that contractors meet the minimum bonding requirements listed below.

To be submitted with the bidding documents:

*A bid guarantee* from each bidder equivalent to five percent (5%) of the bid price.<sup>25</sup> The bid guarantee must consist of a firm commitment, such as a bid bond, certified check, or other negotiable instrument accompanying a bid, as assurance that the bidder shall, upon acceptance of the bid, execute such contractual documents as may be required within the time specified.

To be submitted at the time of contract award:

*A performance bond* on the part of the contractor that is for 100 percent (100%) of the contract price.<sup>26</sup> A performance bond is a bond executed in connection with a contract to secure fulfillment of all the contractor's obligations under such contract.

*A payment bond* on the part of the contractor that is for 100 percent (100%) of the contract price. A payment bond is a bond executed in connection with a contract to assure payment as required by law of all persons supplying labor and

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<sup>24</sup> [2 C.F.R. § 200.324\(c\).](#)

<sup>25</sup> [2 C.F.R. § 200.325\(a\).](#)

<sup>26</sup> [2 C.F.R. § 200.325\(b\).](#)

material in the execution of the work provided for under the contract.<sup>27</sup>

## Section 7: Prohibited Contracts

1. **“Costs-Plus-a-Percentage-of-Costs” and “Percentage of Construction Costs” Contracts.** A “costs plus a percentage of cost” contract and a “percentage of construction cost” contracts are prohibited.<sup>28</sup>
2. **Time-and-Materials Contracts Disfavored.** The Town shall only enter into time and materials contracts if it has determined in writing that no other contract type is suitable for a given procurement. Time and materials contracts prescribe cost as the sum of (a) actual cost of materials and (b) direct labor hours charges at fixed hourly rates that reflect wages, general and administrative expenses, and profit. Use of time and materials contracts shall require an established price ceiling to ensure that the agreement does not allow for an open-ended contract price with no profit incentive for the contractor to control costs or labor efficiency. These contracts shall be subject to frequent oversight to ensure that the contractor employs efficient methods and effective cost controls.<sup>29</sup>

## Section 8: Contract Administration

1. **Contract Oversight.** The Project Manager shall provide proper oversight to ensure that contractors and firms perform the contract requirements in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
2. **Contract Clauses.** All procurement contracts shall contain the applicable provisions described in Appendix II to 2 C.F.R. Part 200, “Contract Provisions for Non-Federal Entity Contracts Under Federal Awards.”<sup>30</sup>
3. **Record Retention.** The Town shall maintain records sufficient to detail the history of each procurement, including the rationale for the method of procurement and selection of contract type, the basis for the contractor selection or rejection, and the basis for the contract price.<sup>31</sup> These records should include, but are not limited to, supporting documentation showing the rationale for the procurement method; written price or rate quotations, such as catalog price, online price, email or written quotes, copies of advertisements, requests for proposals, and bid sheets or bid proposal packets; bid rejection and award letters; purchase orders; executed contracts; and any other supporting documentation or financial records relating to the procurement transaction.
4. **Retention Period.** Unless a federal award prescribes a different record retention period,

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<sup>27</sup> [2 C.F.R. § 200.326.](#)

<sup>28</sup> [2 C.F.R. § 200.324\(d\).](#)

<sup>29</sup> [2 C.F.R. § 200.318\(j\).](#)

<sup>30</sup> [2 C.F.R. § 200.327; Appendix II to 2 C.F.R. Part 200.](#)

<sup>31</sup> [2 C.F.R. 200.318\(i\).](#)

all financial records, supporting documents, statistical records, and all other records pertinent to a federal award shall be retained for a period of three years from the date of submission of the final financial report. For federal awards that are renewed quarterly or annually, three years from the date of the submission of the quarterly or annual financial report, respectively.<sup>32</sup> An exception to the standard retention period may exist if any of the following circumstances is satisfied:

- a. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- b. When notified in writing by the federal awarding agency or pass-through entity that the retention period has been extended.
- c. Records for real property and equipment shall be retained for three years after final disposition.
- d. Retention requirement does not apply when records are transferred to or maintained by the federal agency.
- e. Records for program income earned after the period of performance must be retained for three years from the end of the fiscal year in which the program income is earned.

## **Section 9: Awarding Agency or Pass-Through Entity Review**

1. **Agency Review.** Upon request of the awarding federal agency, the Town shall make available technical specifications on proposed procurements where the awarding agency believes such review is needed to ensure that the item and/or service specified is the one being proposed for acquisition.<sup>33</sup> The Town shall make the pre-procurement and procurement documents available upon request of the federal awarding agency or pass-through entity when any of the circumstances set forth in 2 C.F.R. § 200.325(b) are satisfied.<sup>34</sup>

## **Section 10: Compliance with Policy Provisions**

1. **Penalties Imposed by Federal Awarding Agency.** If it has been determined that the Town has failed to comply with the U.S. Constitution, federal statutes, regulations, or

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<sup>32</sup> [2 C.F.R. 200.334.](#)

<sup>33</sup> [2 C.F.R. § 200.325\(a\).](#)

<sup>34</sup> [2 C.F.R. § 200.325\(b\).](#)

the terms and conditions of a federal award, the federal awarding agency or pass-through entity may impose additional conditions as described in [2 C.F.R. § 200.208](#). In cases in which noncompliance cannot be remedied by the imposition of additional conditions, the federal awarding agency or pass-through entity may take one or more of the following actions: temporarily withhold cash payments, disallow costs, suspend, or terminate the award, initiate suspension or debarment proceedings, withhold further federal awards for the project or program, or take other remedies legally available.<sup>35</sup>

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<sup>35</sup> [2 C.F.R. § 200.339](#).

# **Appendix A**

## **State Procurement Procedures**

The Requesting Department shall solicit bids in accordance with the requirements under this Section of the Policy based on the type and cost of the contract.

- A. Service Contracts** (except for A/E professional services) and **Purchase Contracts costing less than \$10,000** shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:
1. The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
  2. To the extent practicable, purchases must be distributed among qualified suppliers.
- B. Service Contracts costing up to \$250,000** (except for A/E professional services) and **Purchase Contracts costing \$10,000 up to \$90,000** shall be procured using the Uniform Guidance “simplified acquisition” procedure (2 C.F.R. § 200.320(b)) as follows:
1. Obtain price or rate quotes from an “adequate number” of qualified sources (a federal grantor agency might issue guidance interpreting “adequate number,” so the Requesting Department should review the terms and conditions of the grant award documents to confirm whether specific guidance has been issued).
  2. When possible, solicit participation from M/WBE/veteran vendors and suppliers as suggested under 2 C.F.R. § 200.321.
  3. Cost or price analysis is not required prior to soliciting bids.
  4. Award the contract on a fixed-price basis (a not-to-exceed basis is permissible for service contracts where obtaining a fixed price is not feasible).
  5. Award the contract to the lowest responsive, responsible bidder.
- C. Purchase Contracts costing \$90,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:
1. Cost or price analysis is required prior to soliciting bids.
  2. Complete specifications or purchase descriptions must be made available to all bidders.
  3. The bid must be formally advertised in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”

4. When possible, solicit participation from M/WBE/veteran vendors and suppliers as suggested under 2 C.F.R. § 200.321.
5. Open bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
6. Award the contract to the lowest responsive, responsible bidder on a fixed-price basis. Governing board approval is required for purchase contracts unless the governing board has delegated award authority to an individual official or employee. Any and all bids may be rejected only for “sound documented reasons.”

**D. Service Contracts** (except for A/E professional services) **costing \$250,000 and above** may be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)) when the “sealed bid” procedure is not appropriate for the particular type of service being sought. The procedures are as follows:

1. A Request for Proposals (RFP) must be publicly advertised. Formal advertisement in a newspaper is not required so long as the method of advertisement will solicit proposals from an “adequate number” of qualified firms.
2. When possible, solicit participation from M/WBE/veteran vendors and suppliers as suggested under 2 C.F.R. § 200.321.
3. Identify evaluation criteria and relative importance of each criterion (criteria weight) in the RFP.
4. Consider all responses to the publicized RFP to the maximum extent practical.
5. Must have a written method for conducting technical evaluations of proposals and selecting the winning firm.
6. Award the contract to the responsible firm with most advantageous proposal taking into account price and other factors identified in the RFP. Governing board approval is not required.
7. Award the contract on a fixed-price or cost-reimbursement basis.

**E. Construction and repair contracts costing less than \$10,000** shall be procured using the Uniform Guidance “micro-purchase” procedure (2 C.F.R. § 200.320(a)) as follows:

1. The contract may be awarded without soliciting pricing or bids if the price of the goods or services is considered to be fair and reasonable.
2. To the extent practicable, contracts must be distributed among qualified suppliers.

**F. Construction and repair contracts costing \$10,000 up to \$250,000** shall be procured using the Uniform Guidance “simplified acquisition” procedure (2 C.F.R. § 200.320(b)) as follows:

1. Obtain price or rate quotes from an “adequate number” of qualified sources (“adequate number” is not defined)
2. When possible, solicit participation from M/WBE/veteran vendors and suppliers as suggested under 2 C.F.R. § 200.321.

3. Cost or price analysis is not required prior to soliciting bids, although price estimates may be provided by the project designer.
4. Award the contract on a fixed-price or not-to-exceed basis.
5. Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required.
6. Maintain documentation of the bids.

**G. Construction and repair contracts costing \$250,000 up to \$500,000** shall be procured using the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate may be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Publicly advertise the bid solicitation for a period of time sufficient to give bidders notice of opportunity to submit bids (formal advertisement in a newspaper is not required so long as other means of advertising will provide sufficient notice of the opportunity to bid). The advertisement must state the date, time, and location of the public bid opening, and indicate where specifications may be obtained.
4. When possible, solicit participation from M/WBE/veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed. A minimum of 2 bids must be received in order to open all bids.
6. A 5% bid bond is required of all bidders. Performance and payment bonds of 100% of the contract price is required of the winning bidder.
7. Award the contract on a firm fixed-price basis.
8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is not required. Any and all bids may be rejected only for “sound documented reasons.”

**H. Construction and repair contracts costing \$500,000 and above** shall be procured using a combination of the most restrictive requirements of the Uniform Guidance “sealed bid” procedure (2 C.F.R. § 200.320(c)) and state formal bidding procedures (G.S. 143-129) as follows:

1. Cost or price analysis is required prior to soliciting bids (this cost estimate should be provided by the project designer).
2. Complete specifications must be made available to all bidders.
3. Formally advertise the bid in a newspaper of general circulation for at least seven full days between the date of the advertisement and the date of the public bid opening. Electronic-only advertising must be authorized by the governing board. The advertisement must state the date, time, and location of the public bid opening, indicate where specifications may be obtained, and reserve to the governing board the right to reject any or all bids only for “sound documented reasons.”



4. When possible, solicit participation from M/WBE/veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
  5. Open the bids at the public bid opening on the date, time, and at the location noticed in the public advertisement. All bids must be submitted sealed and in paper form. A minimum of 3 bids must be received in order to open all bids.
  6. A 5% bid bond is required of all bidders (a bid that does not include a bid bond cannot be counted toward the 3-bid minimum requirement). Performance and payment bonds of 100% of the contract price is required of the winning bidder.
  7. Award the contract on a firm fixed-price basis.
  8. Award the contract to the lowest responsive, responsible bidder. Governing board approval is required and cannot be delegated. The governing board may reject and all bids only for "sound documented reasons."
- I. Construction or repair contracts involving a building costing \$300,000 and above must comply with the following additional requirements under state law:**
1. Formal HUB (historically underutilized business) participation required under G.S. 143-128.2, including local government outreach efforts and bidder good faith efforts, shall apply.
  2. Separate specifications shall be drawn for the HVAC, electrical, plumbing, and general construction work as required under G.S. 143-128(a).
  3. The project shall be bid using a statutorily authorized bidding method (separate-prime, single-prime, or dual bidding) as required under G.S. 143-129(a1).
- J. Contracts for Architectural and Engineering Services costing under \$250,000 shall be procured using the state "Mini-Brooks Act" requirements (G.S. 143-64.31) as follows:**
1. Issue a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
  2. When possible, solicit participation from M/WBE/veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
  3. Evaluate the qualifications of respondents based on the evaluation criteria developed by the Purchasing Department and/or Requesting Department.
  4. Rank respondents based on qualifications and select the best qualified firm. Price cannot be a factor in the evaluation. Preference may be given to in-state (but not local) firms.
  5. Negotiate fair and reasonable compensation with the best qualified firm. If negotiations are not successfully, repeat negotiations with the second-best qualified firm.
  6. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.

- K. Contracts for Architectural and Engineering Services costing \$250,000 or more** shall be procured using the Uniform Guidance “competitive proposal” procedure (2 C.F.R. § 200.320(d)(5)) as follows:
1. Publicly advertise a Request for Qualifications (RFQ) to solicit qualifications from qualified firms (formal advertisement in a newspaper is not required). Price (other than unit cost) shall not be solicited in the RFQ.
  2. When possible, solicit participation from M/WBE/veteran vendors and suppliers as provided under 2 C.F.R. § 200.321.
  3. Identify the evaluation criteria and relative importance of each criterion (the criteria weight) in the RFQ.
  4. Proposals must be solicited from an “adequate number of qualified sources” (an individual federal grantor agency may issue guidance interpreting “adequate number”).
  5. Must have a written method for conducting technical evaluations of proposals and selecting the best-qualified firm.
  6. Consider all responses to the publicized RFQ to the maximum extent practical.
  7. Evaluate the qualifications of respondents to rank respondents and select the most qualified firm. Preference may be given to in-state (but not local) firms provided that granting the preference leaves an appropriate number of qualified firms to compete for the contract given the nature and size of the project.
  8. Price cannot be a factor in the initial selection of the most qualified firm.
  9. Once the most qualified firm is selected, negotiate fair and reasonable compensation. If negotiations are not successful, repeat negotiations with the second-best qualified firm.
  10. Award the contract to best qualified firm with whom fair and reasonable compensation has been successfully negotiated. Governing board approval is not required.

## **Appendix B**

### **Purchase Orders**

G.S. 159-289(a) requires that a pre-audit certificate signed by the finance officer appear on a purchase order before it becomes an obligation of the governmental unit. We therefore need to follow the below guidelines in processing purchase orders:

- (1) Before an item is ordered a completed purchase order needs to be submitted to the finance office with required information:

- Vendor Name and Address
- Order Date
- Department and Person Placing Order
- Description of Item/Items to be purchased
- Department Code
- Amount including freight and sales tax

- (2) The Department Head's Signature on the purchase order
- (3) The Purchase Order is then submitted to the Finance Department to verify funds. Any purchase order submitted before 4:00 PM will be returned to you the following morning, any purchase order received after that time will be verified the next day.
- (4) The manager reviews and approves the purchase orders.
- (5) Once both the Finance Director and the Town Manager have approved the purchase order it will be signed and returned. You may then place your order. The original copy will be withheld in the Finance Department and a copy will be returned to you.
- (6) When the bill is received for your purchase order, attach it to your copy of the purchase order and submit to the finance department for processing of payment.

\*Emergency Work- In the event of an emergency, the definition of emergency being- the health, welfare and safety of persons or property- you may obtain signatures after ordering. This only applies with the above definition of an emergency.

The above rules apply for purchases over \$200.

### **Purchases of \$200 or Less**

When you purchase items for \$200 or less, you may do so without prior approval. You only need to submit the account and sales tax numbers on the bill, obtain department head signature and return to the finance department for processing.

Adopted this the \_\_\_\_\_ day of \_\_\_\_\_, 2025.

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Albert L Barbee, Mayor