

# TOWN OF GEORGIA PROCUREMENT POLICY

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Adopted [INSERT Date]

## PURPOSE

The purpose of this Procurement Policy is to obtain the highest quality goods and services for the Town of Georgia [“Municipality”] at the lowest possible price, to exercise financial control over the procurement process, to clearly define authority for the procurement function, to allow fair and equal opportunity among qualified suppliers, and to provide for increased public confidence in the transparent procedures followed in public procurement.

## POLICY ORGANIZATION

This policy is organized into three sections:

1. General procurement requirements applicable to **all** purchases.
2. Procurement requirements for when the Municipality expends **solely its own funds**.
3. Procurement requirements for when the Municipality expends **State or Federal funds**, regardless of whether the procurement action includes municipal funds. State and Federal funds have specific requirements the Municipality must meet, and those requirements extend to municipal funds if they are used as match/cost share or as supplemental project funding.

## DEFINITIONS

For the purposes of this policy, the following definitions apply:

- **Conflict of Interest.** A conflict of interest occurs when the employee, officer, agent, or board member of the Municipality, any member of their immediate family, their partner, or an organization that employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from an entity considered for a contract.
- **Emergency.** A situation in which there is a threat to life, public health or safety, or improved property, or some other form of dangerous situation that requires immediate action to alleviate the threat. Emergency conditions are generally more short-lived than exigency circumstances.
- **Exigency.** A situation in which there is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Municipality and use of competitive procurement proposals would prevent the urgent action required to address the situation.
- **Non-Employee Agent.** A consultant, advisor, service provider, or other person that is not an employee of the Municipality and has been designated an Agent for the purposes of this Procurement Policy.

- **Officer.** An elected or appointed official of the Municipality acting within the scope of their duties.
- **Pre-Positioned Contracts.** Pre-position contracts are contracts awarded in advance of potential work being performed. These contracts are also referred to as advance or standby contracts. A pre-positioned contract may only be awarded if it was originally procured in compliance with the Municipality’s procurement requirements, the scope of work was adequate to cover the work to be performed, the work performed was eligible, and the contract terms cover time when work was performed. ([FEMA Public Assistance and Policy Guide, Version 5](#))
- **Pre-Qualified Contractors.** Pre-qualified contractors have been evaluated and determined to be qualified to perform work based on capabilities, prior experience, past performance, and availability. A prequalified contractor is not entitled to a pre-positioned or “standby” contract. The Municipality cannot exclude potential bidders or offerors from qualifying during the solicitation period, even if they were not on the prequalified list. ([2 CFR § 200.319\(e\)](#))

## GENERAL PROCUREMENT REQUIREMENTS

All purchases of the Municipality must adhere to the following general standards:

- **Contract Administration.** The Municipality shall maintain a contract administration system that ensures vendors perform in accordance with the terms, conditions, and specifications of their contracts and purchase orders.
- **Municipal Code of Ethics.** All municipal officers, as defined by [24 VSA § 1991\(12\)](#), are required to follow the Vermont [Municipal Code of Ethics](#). Additionally, all officers and employees of the Municipality are required to follow any additional ordinances, rules, and personnel policies regarding ethics that have been adopted by the Municipality and are not in conflict with the Municipal Code of Ethics. For purchases made using any amount of Federal funds, please refer to the section titled, *Procurement Using State Or Federal Funds In Whole Or In Part*.
- **Geographic Preference.** The Municipality may exercise a geographic preference when evaluating bids or proposals if the preference does not result in unreasonable prices or rates due to a lack of competition. When purchasing with Federal funds, the Municipality should confirm with its funder whether geographic preference is allowable before using it as some federal programs have geographic preference limitations.
- **Procurement Agents.** The following individuals or positions are designated to act as Procurement Agents for the Municipality:

- Selectboard
- Town Administrator
- Department Heads (with Selectboard and/or Library Board of Trustee approval)

Procurement Agents are responsible for ensuring that the best possible price and quality are obtained with each purchase. Procurement Agents must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. Procurement Agents also must ensure that competition is not restricted with unreasonable requirements or qualifications placed on vendors, or by allowing vendors to be selected who have engaged in noncompetitive pricing practices.

If any provisions of this procurement policy conflict with provisions of Federal or State statute or regulations, the most stringent must be applied.

## **PROCUREMENT USING SOLELY MUNICIPAL FUNDS**

Purchases made using solely municipal funds must adhere to the following general standards:

- **Pre-Positioned Vendors and Contractors.** Vendors or contractors pre-positioned for municipal work may not work on projects using Federal funds (ex. FEMA Public Assistance or Federally funded transportation grants) unless procurement requirements outlined in *Procurement Using State Or Federal Funds In Whole Or In Part* were followed.
- **Documentation.** Documentation must include the reason for the specific procurement method chosen, the basis for the selection of the award, and contract pricing (showing evidence that the process was fair and equitable), as well as any other significant decisions that were part of the procurement process.
- **Records Retention.** The Municipality must maintain records in accordance with the retention and disposition schedules as set by the Vermont State Archivist.

## **PROCUREMENT CATEGORIES AND REQUIREMENTS.**

**Incidental Purchases.** Employees designated as Procurement Agents may make purchases of up to \$5,000 without prior approval, provided those purchases remain within the scope and limits of the approved municipal budget.

**Minor Purchases.** Employees who have been designated to act as Procurement Agents may make purchases with a value between \$5,001 and \$50,000 only with prior approval of the Selectboard or Town Administrator and are limited to the amount of the budget authorized by the Municipality. Although not required, competitive quotes from at least two vendors should be obtained whenever possible and documented.

**Major Purchases.** All purchases over \$50,000 require prior approval of the Selectboard . The

Selectboard must review all proposed purchases to avoid unnecessary or duplicative purchases of equipment, supplies and services. The Selectboard must also ensure that competition is not restricted with unreasonable requirements or qualifications placed on vendors or bidders, or by allowing vendors or contractors to be selected who have engaged in noncompetitive pricing practices. The Municipality requires the use of a sealed bid process for purchases over \$250,000 or more or for construction projects of any value that are funded with federal dollars.

**Recurring Purchases.** If the total value of a recurring purchase of a good or service is anticipated to exceed \$250,000 during any fiscal year, the bid process must be utilized and must specify the recurring nature of the purchase. Once a bid has been accepted, all future purchases must be made from that bidder without necessity of additional bids, until such time as the Selectboard votes to initiate a new bid process.

**Emergency Purchases.** The Selectboard may award contracts and make purchases for the purpose of meeting the public emergency without complying with the bid process. Emergency purchases may include immediate repair or maintenance of municipal property, vehicles, or equipment if the delay in such repair or maintenance would endanger persons or property or result in substantial impairment of the delivery of essential municipal services.

**Professional Services.** The bid process may be waived for the selection of providers for services that are characterized by a high degree of professional judgment and discretion including legal, financial, auditing, risk management, engineer services and insurance services with a value of up to \$250,000. If the Municipality wishes to use the professional services contractor in the future for a purchase made with Federal funds, the service must be purchased competitively following Federal requirements.

**Sole Source Purchases.** If the Selectboard determines that there is only one source for a proposed purchase, it may waive the bid/proposal process and authorize the purchase from the sole source. Documentation and record retention requirements apply.

## **PROCUREMENT USING STATE OR FEDERAL FUNDS IN WHOLE OR IN PART**

### **GENERAL FEDERAL PROCUREMENT REQUIREMENTS.**

Purchases made using Federal funds must adhere to the following general standards:

- **Open and Competitive Bidding.** All purchases must be made using procedures that promote open and competitive bidding to the greatest extent possible, as outlined in [2 CFR § 200.319](#). All procurement must incorporate a clear and accurate description of the technical requirements for the property, equipment, or service being procured, identify additional requirements that must be fulfilled, and include factors that will be used for evaluation. Contractors that develop or draft specifications, requirements, statements of work, or invitations for bids must be excluded from competing on those purchases.
- **Non-Discrimination.** There must be no discrimination in procurement practices based on race,

color, national origin, sex, disability, or age in accordance with [§ 200.300\(a-b\)](#).

- **Conflict of Interest.** See Definitions section. Any employee, officer, or agent of the Municipality who participates in the procurement process must make reasonable efforts to avoid real or apparent conflicts of interest, must disclose any potential conflicts of interest in writing, must refrain from participating in procurement decisions where such conflicts exist, and must comply with other requirements of [2 CFR § 200.318\(c\)](#). If the municipality has an affiliate or subsidiary organization that is not a State, local government, or Indian Tribe, the Municipality also must maintain written standards of conduct covering organizational conflicts of interest. Any actual or potential conflict of interest must be disclosed to the funder. If a conflict exists between the Federal requirements and the Municipality's requirements, the most restrictive requirement must be used. Disciplinary actions shall be the enforcement actions in the Municipality's adopted investigation and enforcement ordinance, personnel policy, or rule. Disciplinary actions of Appointed Officers shall apply to non-employee agents.
- **Gifts.** An employee, officer, and agent of the Municipality may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements. ([§ 200.318\(c\)\(1\)](#))
- **Small and Socio-Economic Business Procurement.** Whenever possible, qualified small, minority, and veteran-owned businesses, women's business enterprises, and labor surplus area firms must be considered for procurement and documentation retained demonstrating how the six actions outlined in [§ 200.321](#) were considered.
- **Maximizing Resources.** The Municipality must:
  - avoid the [acquisition of unnecessary or duplicative items](#).
  - use [strategic sourcing](#) when appropriate.
  - use [excess and surplus Federal property](#) when feasible and to achieve cost reductions, use recovered materials when individual or aggregate yearly purchases exceed \$10,000 or as otherwise described in [§ 200.323](#).
  - use [value engineering clauses](#) for construction projects when practical.
  - provide a preference for the purchase, acquisition, or use of goods, products, or materials [produced in the United States](#) to the greatest extent practicable and consistent with the law.
  - implement the Buy America preferences set forth in [2 CFR part 184](#) for projects related to the construction, alteration, maintenance, or repair of [infrastructure](#).
- **Contract Cost and Price.** The Municipality must perform a cost or price analysis for purchases, including contract modifications, in excess of \$250,000, in accordance with [§ 200.324](#). Evidence of the analysis must be documented.
- **Cost Allowability.** The Municipality will determine cost allowability using [Federal Cost Principles](#), reviewing the notice of funding award, and reviewing its funding agreement. Costs

must be allowable, reasonable, and allocable to the funding ([2 CFR Part 200 Subpart E](#)).

- **Funding Agency Review.** The Municipality must submit the technical specifications of a proposed purchase and/or procurement documents for review if a funding agency has requested to review them, in accordance with [2 CFR § 200.325](#).
- **Bonding Requirements.** The Municipality must comply with bid and bond requirements of [2 CFR § 200.326](#) unless the Municipality has a bonding policy and requirements for construction or facility improvement contracts or subcontracts, and those requirements exceed \$250,000. When the Municipality has its own bonding policy and requirements, the Municipality must have the documents reviewed and approved by either the Federal agency or the pass-through entity to determine that the Federal interest is adequately protected. ([2 CFR § 200.326](#))
- **Federal Pass-Through Requirements.** The Municipality must include specific federal compliance requirements, such as Davis Bacon Labor Standards, Section 3 Reporting Requirements, and Build America, Buy America (BABA) for example, in the procurement documents to alert prospective bidders to those requirements. ([§200.319\(d\)\(3\)](#)) The Municipality should confirm any federal pass-through requirements with the funding agency.
- **Pre-Positioned Vendors and Contractors.** The Municipality may pre-position contracts by awarding contracts for the potential performance of work. When pre-positioning contracts, the Municipality will request proposals from vendors and/or contractors in accordance with procurement categories and their requirements and develop a scope of work adequate to cover the anticipated work to be performed. The list will be updated at least every three years with the option of extending the contract for a one-year term (no more than four years total). Each pre-positioned vendor or contractor must be issued a master contract defining the specific services that are covered by the contract, the contract term, and additional items identified by the Municipality. Task Order assignments will be made by the Municipality following a review of the task order complexity, experience of the firm and its staff, capacity to complete the work within the desired timeframe, availability of contractor staff, and other factors applicable the Municipality deems important to the work to be performed.
- **Documentation.** The Municipality must maintain documentation and records sufficient to detail the history of each procurement transaction in accordance with [2 CFR § 200.318\(i\)](#). At minimum, these records must include the rationale for the procurement method, contract type selection, contractor selection or rejection, and the basis for the contract price plus other documentation required by these procurement requirements. Additional documentation may be required based on the requirements of specific procurement categories.

In the case of purchases made using Federal funds, if state law or the Municipality's supplemental policies conflict with Federal requirements, the stricter of the two must be applied.

## **PROCUREMENT CATEGORIES AND REQUIREMENTS.**

**Micro-Purchases.** Purchases of up to \$[INSERT dollar amount no greater than \$10,000] in aggregate value, and, in the case of construction projects subject to Federal Davis Bacon requirements, purchases below \$2,000. Soliciting competitive price or rate quotations is not required if the Procurement Agent considers the price reasonable based on research, experience, purchase history, or other information; and maintains documentation to support their conclusion. To the extent practicable, the Municipality should distribute micro-purchases equitably among qualified suppliers. ([§ 200.320\(a\)\(1\)](#))

**Simplified Acquisition (Small Purchases).** Purchases with an aggregate total value between \$[INSERT dollar amount of Micro-Purchase limit above] and \$[insert dollar amount no greater than \$250,000], including any future contract amendments or change orders. Price or rate quotes must be obtained from [INSERT a specific number or use “an adequate number of qualified sources”] following the Small and Socio-Economic Business Procurement provision of this policy and all provisions regarding fair and unrestricted competition. ([§ 200.320\(a\)\(2\)](#))

**Large Purchases by Competitive Proposals.** Purchases with an aggregate total value of \$[INSERT dollar amount of Simplified Acquisition limit] or more, including any future contract amendments or change orders. Construction projects must use the sealed bid process discussed in the next section. ([§ 200.320\(b\)\(2\)](#))

A Request for Proposals (RFP) must be used, except for architectural/engineering (A/E) professional services for which a Request for Qualifications (RFQ) process may be used. If the project is funded in whole or in part by the Federal Highways Administration or through the Clean Water State Revolving Fund, a Request for Qualifications process must be used for A/E services. All evaluation factors and their relative importance must be identified in the RFP/RFQ. For RFPs, price and other factors may be considered as a selection factor. For RFQs, price may not be used as a selection factor. All RFP/RFQs will describe the process for evaluating proposals and how a contract awardee will be selected.

Public notice is required with [INSERT “sufficient time”, “no less than two weeks” or “at least three weeks”] allowed for responses. Proposals must be solicited from [INSERT a specific number or use “multiple qualified entities”]. When a contract is awarded, it must be awarded to the responsible offeror whose proposal is most advantageous to the Municipality. When issuing a contract, the Municipality must consider a contractor’s integrity, public policy compliance, proper classification of employees (see the Fair Labor Standards Act, [29 U.S.C. 201](#), chapter 8), past performance record, and financial and technical resources. Either a fixed price or cost-reimbursement contract may be used.

**Procurement by Sealed Bid.** Purchases with an aggregate total value of \$[INSERT \$250,000] or more, including any future contract amendments or change orders. Federally funded construction projects of more than \$2,000 must use the sealed bid process. The sealed bid purchase process is used primarily for construction projects. ([§ 200.320\(b\)\(1\)](#))

**Noncompetitive (Sole Source) Procurement.** If one of the following specific circumstances apply, the Municipality may use a noncompetitive procurement method ([§ 200.320\(c\)](#)):

- **Single Source.** The purchase only can be filled by a single source.

- **Emergency.** A threat to life, public health or safety, or improved property, or some other form of dangerous situation or public emergency will not permit a delay resulting from providing public notice of a competitive solicitation. Emergency conditions generally are short term.
- **Exigency.** There is a need to avoid, prevent, or alleviate serious harm or injury, financial or otherwise, to the Municipality and use of competitive procurement would prevent the urgent action required to address the situation. Exigency conditions may be short term or exist for weeks or months.
- **Written Permission.** The Municipality submits a written request with justification for noncompetitive procurement and its funder approves the request in writing.
- **Inadequate Competition.** After soliciting several sources, competition is determined to be inadequate.

Documentation is required to justify noncompetitive procurement. Documentation must follow the requirements of the funding agency. Noncompetitive purchases still must comply with other requirements of procurement, such as maximizing resources, domestic preferences, contract cost and price, competition requirements, and documentation. Written contracts with required contract clauses are required.

## CONTRACTS.

- “Cost plus a percentage of cost” and “percentage of construction costs” methods of contracting must not be used. ([§ 200.324\(c\)](#))
- The Municipality may use a time-and-materials type contract only after making a determination that no other contract is suitable and if the contract includes a ceiling price that the contractor exceeds at its own risk. Time-and-materials type contract means a contract whose cost to the Municipality is the sum of the actual cost of materials and direct labor hours charged at fixed hourly rates that reflect wages, general, and administrative expenses, and profit. When using this type of contract, the Municipality must assert a high degree of oversight to obtain reasonable assurance that the contractor is using efficient methods and effective cost controls.
- Written contracts must be used, except for Micro-purchases. The Municipality may use pro-forma contracts and agreements provided by State and/or Federal agencies for contractual compliance with State and Federal requirements.
- Written contracts must contain required Federal contract provisions specified in [2 CFR Appendix II](#) as applicable to the project unless a State or Federal funder requires specific language to meet Appendix II requirements. The Municipality must include additional required contract provisions specific to the source of funds if required by its funding agreement. ([§ 200.327](#))

- When funding is provided through the State of Vermont, the Municipality must include the required State contract provisions outlined in Attachment C – Standard State Provisions for Contracts and Grants, which is included as part of the State’s funding agreement document. The Municipality also must include any other required contract provisions required by the Municipality’s agreement with the State.

The foregoing Policy is hereby adopted by the **Selectboard** of the Town of Georgia , Vermont, this [INSERT date] day of [INSERT year] and is effective as of this date until amended or repealed.

**SIGNATURES.**

Kris Senna, Chair:

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Legislative Body Members:

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Brian Dunsmore, Vice Chair

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Kellie Bosenberg

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Judith Nasca

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Carl Rosenquist