CITY OF BREVARD

PURCHASING POLICY

Purchasing Policy
Adopted by the City Council: XXXXXXX

I. FORWARD

This Purchasing policy and procedures manual is intended for use as a guide to the City of Brevard's Purchasing methods and practices. When used properly and with common sense, the policies and procedures established herein will enable the City to obtain needed materials, equipment, supplies, and services efficiently and economically.

The understanding and cooperation of all employees is essential if the City is to obtain the maximum value for each dollar spent. While this manual does not answer all questions related to Finance, it does provide the foundation for a sound purchasing and procurement system.

The goals of the City of Brevard purchasing program are as follows:

1. To comply with legal and ethical requirements of public purchasing and procurement.
2. To assure vendors and the public that impartial and equal treatment is afforded to all who wish to do business with the City.
3. To receive maximum value for each dollar spent by awarding purchase orders to the lowest responsible, responsive bidder.
4. To provide City departments with the required goods, equipment, and services at the time and place needed and in the proper quantity and quality.

If the procedures and guidelines established in this manual are followed, each department can efficiently manage, control and plan its' available resources to meet present and future department needs and help the City to meet these goals. Should you have any questions about this manual or its' procedures, please contact the Finance Department.

This manual is effective immediately upon issuance and supersedes all previous Finance instructions or directives.

II. GENERAL GUIDELINES

2.1 Incurring Obligations

No obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. No obligation may be incurred for a capital project, or a grant project authorized by a project ordinance unless that project ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction as required by N.C. G.S. 159-28 (a).

2.2 Preaudit Requirement

If an obligation is reduced to a written contract or written agreement requiring the payment of money or is evidenced by a written purchase order for supplies and materials, the written contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been pre-audited and shall be signed by the Finance Director to assure compliance with N.C.G.S §159-28 (a1).

2.3 Local Buying

It is the desire of the City of Brevard to contract with vendors and contractors located within the City of Brevard and Transylvania County. The City also has a responsibility to its residents to ensure that maximum value is obtained for each dollar spent. **The City will not make purchasing decisions solely on the basis of vendor residence.**

2.4 Planning

Planning should be done to minimize small orders and last-minute purchases. Approval of purchase orders will generally be made within two business days of submission.

2.5 Buying Proper Quality

Quality and service are as important as price when considering goods for purchase; it is the duty of the requesting department to secure the most cost-effective good or service that will meet but not exceed the requirements for which the goods or services are intended. In some instances, the lowest price does not necessarily mean the lowest cost. A higher price, higher quality product may save the City from excess expenses in the future. The requesting department should take this into consideration when making a purchase. However, when making a purchase of other than the lowest cost goods or services, the purchasing department should be prepared to justify such a purchase both to City administration and to the public based on standards directly related to the quality of the goods or service to be obtained, or the terms on which such goods or services are to be provided.

2.6 Authorization

The Department Head or their designee must authorize each invoice with signature and date before forwarding to the Finance Department for payment. This authorization verifies that the goods and or services have been received, the budgeted funds are available, and the invoice has been coded to the proper account number.

2.6 Standard of Award

Vendors will be selected on a competitive basis. Bid awards, purchase orders and/ or contracts will be issued to the lowest, responsive, responsible bidder. The City of Brevard is prohibited from and will not use vendors who have been debarred by Federal, State, or Local governments. Vendor verification can be made through SAM (System for Award Management) and the NC Debarred Vendor List, and any City list maintained by the Finance Department.

2.7 Limitations of Procurement

A. E-Verification Requirement

No contract can be entered into unless the contractor has complied with NC E-Verify hiring requirements pursuant to N.C. G.S. 143-133.3. Under the law the entity must possess 25 or more employees E-Verify to be applicable.

The following exceptions apply:

1. Expenses related to travel, including transportation and lodging, for employees, officers, agents, elected officials, or members of State or local boards, commissions, committees, or councils.
2. Contracts *solely* for the purchase of goods, apparatus, supplies, materials, or equipment (contracts that involve a combination of purchase and construction, or purchase and service would not be exempt).
3. Contracts let under N.C. G.S. 143–129(e)(1), (9), or (9a) (the exceptions to competitive bidding requirements for purchases made directly from another unit of government or from a vendor under contract with the State of North Carolina or a federal agency).
4. Contracts let under N.C. G.S. 143–129(g) (the piggyback exception to competitive bidding requirements).

B. Contracts spanning more than one City Fiscal Year

Under the Local Government Budget and Fiscal Control Act, all expenditures must be supported by an appropriation. In N.C. G.S. 159-28 (b), bills, invoices, or other claims against a local government or public authority may be approved if 1) the amount is determined to be payable and 2) the budget or project ordinance includes an appropriation authorizing the expenditure and either (i) an encumbrance has been previously created for the transaction or (ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed. Contracts, including purchase orders, must include a pre-audit certificate signed by the Finance Officer. Encumbrances include all outstanding purchase orders, unpaid invoices and agreements or contracts that have not been completed for which the City has an obligation to expend funds. Encumbrances against an appropriation are a reduction in the amount available for future expenditures, and only when the encumbrances are recorded is a true report of the financial condition of a department or City evident.

2.9 Vendor Selection

A. Vendor Section Policy

Vendors will be selected on a competitive basis. Depending on the amount of the purchase, formal bids, informal bids, or other forms of price solicitation will be requested by the appropriate department. Bid awards will be awarded to the lowest responsive, responsible bidder.

B. Vendor Set Up

Vendors will complete the vendor packet prior to being entered as a City of Brevard vendor. The vendor packet includes a W-9 form, a vendor registration form, and an insurance certificate (if required).

C. Gifts and Gratuities

City employees are expressly prohibited from soliciting or accepting any rebate, money or costly entertainment, alcohol, gift, or gratuity (with the exception of mementos and novelties of nominal value) from any person, company, firm, or corporation to which the City can potentially do business with. The City of Brevard will not tolerate circumstances that produce, or reasonably appear to produce, conflicts between the personal interest of an employee and the interests of the City.

D. Selection Procedures

For the procurement of supplies, materials, services, equipment, and for construction services, the Finance Department will observe the following procedures:

1. North Carolina General Statute 143-129, states that formal bids will be used for purchases over $90,000 and construction type services over $500,000. NCGS 143-129 further states that informal bids to be used on purchases over $30,000 but less than $90,000, and for construction type services over $30,000 but less than $500,000.

2. **The City of Brevard wishes to enact a stricter limit to both formal and informal bid amounts than those listed by N.C. G.S. 143-129.** Formal bids will be required on purchases of over $75,000 and construction type services of over $250,000. Informal bids will be required on purchases over $25,000 but less than $75,000, and construction type services over $30,000 but less than $250,000.

2.10 Finance Procedures

A. Capital Project Funds

All construction contracts within Capital Projects Funds will require City Council approval. Engineering contracts that are over 5% of the project budget or $50,000 (whichever is higher) will require City Council approval. The City Manager will notify City Council at least quarterly with a financial report concerning the status of capital projects.

B. Recurring Purchasing Agreements

Contracts and purchasing agreements of over **$10,000** will be reviewed at least every three years, to ensure that the City continues to spend wisely. For contracts and purchasing agreements expected to exceed **$100,000**, the City will perform the review annually except for insurance, information technology services, or other agreements that would guarantee long-term savings which would be reviewed every three years.

C. City Manager Authority

The City Manager will have the authority to approve change orders, as long as the change order amount is within the overall Project budget. For change orders that exceed the overall Project budget, City Council approval will be required. **The City Manager retains the right to deviate from this policy, particularly in those situations involving critical timing issues. Whenever the City Manager deviates from any part of the purchasing policy the City Council will be notified in a timely manner.**

III. PROCUREMENT WITH THE USE OF NON-FEDERAL FUNDS

3.1 General Procurement Standards and Procedures:

All purchases $5000 and above require a requisition and purchase order (PO).

3.2 Purchase Procedures

A. Purchases between $5,000 and $9,999.99

Purchases in this price range may be obtained by the requesting department(s) through an informal quote process. No minimum number of quotes is required however, it is encouraged that every attempt is made to acquire multiple quotes. The informal quotes may be received through verbal communications, email, or fax. Verbal quotes must be noted in typed or hand-written form documenting price, date quoted, name of vendor, and name of the individual representative of the vendor.

B. Purchases between $10,000 and $24,999.99

Purchases in this price range are obtained through the formal quote process. In the formal quote process, the requesting department is required to receive at least three (3) quotes via U.S. Mail, email, fax, or hand delivery.

C. Purchases between $25,000 and $74,999.99

Purchases in this range must be obtained through informal bids. Departments are responsible for sending a request for quote (RFQ) and will allow vendors sufficient time to respond to the request based on the complexity of the request. RFQs in the informal bid range may or may not be advertised to the public. A minimum of three (3) vendors, if available, will receive the RFQ. Every effort will be made to obtain at least three (3) quotes. Quotes in the informal bid range may be submitted through U.S. Mail, email, fax, or hand delivery. No verbal quotes are acceptable in the informal bid price range. The required three written informal bids are to be scanned and submitted with/ attached to the purchase requisition prior to purchase; after the purchase order is issued and approved, a purchase may be made. **Purchase orders in this range require the approval of the City Manager.**

D. Purchases $75,000 and above

Purchases in this range must be obtained through a formal bid process in accordance with Chapter 143, Article 8 of the North Carolina General Statutes. Departments are responsible for working with the Finance Director to develop the RFQ/RFP and act (including advertisement and bid opening) in compliance with the relevant North Carolina law. **Purchases in the formal range require the approval of the City Council. Alternatively, the City Council may delegate this authority to the City Manager for each fiscal year, with the delegated authority expiring at the end of that fiscal year, at which point the authority must be renewed by the City Council.**

3.3 Special Considerations for Construction or Repair

No contract may be divided for the purpose of avoiding bidding or notice requirements with the approval of the City Council granted pursuant to N.C. G.S. 143.133.

3.4 Construction and Non-Emergency Repair Procedures

The majority of construction type contracts will occur in Capital Project Funds. All construction type contracts in Capital Project Funds are required to be approved by City Council.

A. Construction and Repair less than $29,999.99

For construction and non-emergency repair contracts in this price range are obtained through the informal quote process. The requesting department is required to receive at least three (3) quotes via U.S. Mail, email, fax, or hand delivery. The required three written quotes are to be scanned and submitted with/ attached to a proposed contract prior to the entry of the contract. Entry of the contract The Finance Department may request additional quotes if deemed necessary during review of the purchase requisitions. **Formal recommendation of award will be made to City Manager for approval.**

B. Construction and Repair $30,000 to 249,999.99

For construction and non-emergency repair contracts in this price range are obtained through the informal quote process. The requesting department is required to receive at least three (3) quotes via U.S. Mail, email, fax, or hand delivery. The required three written quotes are to be scanned and submitted with/ attached to a proposed contract prior to the entry of the contract. Entry of the contract The Finance Department may request additional quotes if deemed necessary during review of the purchase requisitions. **Formal recommendation of award will be made to City Manager for approval.**

C. Construction and Repair $250,000 and above

For construction and non-emergency repair contracts in excess of $250,000 shall require City Manager review and assistance prior to procurement of the work or service. In order to contract for construction or non-emergency repair work in this range, formal bids must be obtained, after listing on the City's website and on appropriate project websites. A minimum of three (3) bidders, if available, will receive the request for bids in addition to the listing required above. N.C. G.S. 143-129 will be followed including advertisement and receipt of sealed bids. **Formal recommendation of award will be made to City Council for approval.**

3.5 Architectural, Engineering and Surveying Services

Procurement of architectural, engineering and surveying services shall be accomplished pursuant to Article 3D of Chapter 143 of the North Carolina General Statutes.

3.6 Services

Contracts directly authorized by the City Council through direct award or budget authorization may be executed by the City Manager. Subsequent orders changing the original contract, which do not exceed the approved cost of the contract, will be executed by the City Manager.

3.7 Special Procurement Procedures

A. Technology Goods and Services

All technology purchases require the approval of the Finance Director. This includes, but is not limited to; hardware, software, licensing, maintenance, and all technology related service contracts.

B. Items Not Requiring a Requisition or Purchase Order

1. Emergency Purchases – In cases of emergency, the City may purchase supplies or services whose immediate procurement is essential to prevent delays in work which may affect the life, health, or safety of City of Brevard employees or citizens.
2. Sole Source of Supply – In the event there is only one vendor capable of providing a product or service, the competitive pricing procedures outlined may be waived by the City Manager or Assistant City Manager/Finance Director. The requesting department will document why only one company or individual is capable of providing the good or service.
3. Purchase of Routine Services – Such as utilities, insurance, fuel, and other items that do not require the department to request this service each time it is purchased.

C. "Piggybacking" on Previously Bid Contracts:

There is a way to let other governmental units do the work for us: it is called "piggybacking" on their previously bid contracts. Many times, a vendor will sell to us under the same terms they agreed upon with another governmental unit – although this must first be confirmed. It is not necessary that the unit of government be in North Carolina or that North Carolina's statutory requirements be exactly followed, only that a reasonably similar public competitive bid process be performed.

There are some special requirements for this form of procurement N.C. G.S. 143-129(g):

1. The original contract must have been executed within the past twelve months (does not apply to NC statewide contracts discussed above).
2. The items being purchased must the identical to as specified in the original contract – no substitutions.
3. The City must verify that it likely will not be able to secure better terms from another vendor or through another procurement method; this can be done through some informal research, documentation of which should be attached to the requisition.
4. Contracts made under this exception must be approved by the City Council at a regularly scheduled meeting; notice of intent to award the contract without bidding must be published no less than ten days prior to the meeting. (Does not apply to NC statewide contracts discussed above.)

In addition to contacting various nearby units of local government, there is also a national program to facilitate "piggybacking." US Communities enables us to piggyback on nationwide contracts for a number of goods that are commonly used by municipal governments. Because these contracts were negotiated as large-volume purchases, we gain the benefit of higher negotiating leverage than we would have on our own.

US Communities: http://www.uscommunities.org/

IV. PROCUREMENT WITH THE USE OF FEDERAL FUNDS

Contracts funded with federal grant or loan proceeds must be procured in a manner that conforms with all applicable Federal laws, policies, and standards, including those under the Uniform Guidance (2 C.F.R. Part 200), to the extent the standards do not violate state law**.**

Further information on dollar thresholds can be found here:
http://www.sog.unc.edu/sites/www.sog.unc.edu/files/Dollar%20Thresholds%20Chart%202013.pdf

The State of North Carolina Interactive Purchasing System can be found on the web at
www.ips.state.nc.us/ips/Default.aspx.

The North Carolina E-Procurement System can be found on the web at
http://eprocurement.nc.gov/

CFR-Code of Federal Regulations
http://www.ecfr.gov/cgi-bin/text-idx?SID=889c09dd91de78500ad88b2f32662996&mc=true&node=sg2.1.200_1316.sg3&rgn=div7

Exceptions to State Competitive Bidding Requirements
https://www.sog.unc.edu/sites/www.sog.unc.edu/files/additional_files/Competitive%20bidding%20exceptions%20chart.pdf

Federal System for Award Management (SAM)
https://www.sam.gov/portal/SAM/?portal:componentId=24f38525-a064-4a77-b09f-3fa5986c2b48&interactionstate=JBPNS_rO0ABXc0ABBfanNmQnJpZGdlVmlld0lkAAAAAQATL2pzZi9uYXZpZ2F0aW9uLmpzcAAHX19FT0ZfXw**&portal:type=action##11

NC Debarred Vendor List
https://ncadmin.nc.gov/government-agencies/procurement/contracts/debarred-vendor