

THE PROCUREMENT PROCESS

PURCHASING AUTHORITY

I. Purchasing Authority

Under Section 48B of the City Charter, the Director of Administration of Havre de Grace is the designated procurement authority and this authority has been delegated to the Procurement Officer. Such authority includes the responsibility to ensure all proposed purchase goods and services are in accordance with Federal, Maryland, Harford Count and City laws and regulations. Throughout this document, where a reference is given to a specific position, it should be understood to include that person's properly delegated designee.

II. Limitation of Purchase Authority

The Mayor and City Council develops specific annual spending budgets for each City Department by ordinance and may adjust those spending budgets by budget amendment or transfer at their sole discretion. No Department Director, nor the Procurement Officer, shall purchase any good or service that would cause their department's expenditures to exceed their allotted spending budget as amended.

No City employee, the Mayor, or any Member of the City Council shall, either directly or indirectly, be a party to, or be in any manner interested in, any contract or agreement which causes any liability or indebtedness to be created against the City, for any matter, cause, or thing whatsoever.

THE PROCUREMENT PROCESS

I. Overview:

Department Directors are responsible for determining when a good or service is required, the maximum amount they will spend on such good or service, any restrictions on the good or service to be ordered, any restrictions on vendors who may supply the good or service, and

any deadline for receiving the good or service. The Department Directors are also responsible to ensure that goods and services received and vendor invoices are in agreement with the terms and conditions established during the procurement process.

A. The Purchase Requisition – Department Directors are responsible for initiating a procurement action through the creation of a Purchase Requisition within the Financial System. Appendix A has a copy of the Financial System instructions for creating a Purchase Requisition. This form notifies the Procurement Officer to initiate a procurement action and any specific requirements, limitations or deadlines associated with the procurement. Department Directors should allow at least three (3) working days for any non-emergency, non-formal bid procurement action.

B. Bid Solicitation – The City’s policy is to procure goods and services that meet all requirements at the lowest possible cost and, therefore, encourages competition for all procurement actions. The City reserves the right to show preference to local bidders, defined as a person or business that maintains a place of business or inventory within the City of Havre de Grace or neighboring area of commercial proximity. The Procurement Officer shall review the specific requirements recorded in the Purchase Requisition and, using the following bid solicitation guidelines, determine the appropriate method of solicitation.

Bid solicitations will be made according to the dollar range outlined below:

\$0 - \$500	One quote is required.
\$501 - \$5,000	Three (3) market quotations in consultation with the Procurement Officer are required.
\$5,001 - \$25,000	Three (3) written quotations obtained by the Procurement Officer are required.
Over \$25,000	Three (3) sealed bids obtained by the Procurement Officer are required

- C. **Contacting Suppliers** – If the procurement action is \$5,000 or less the Procurement Officer will determine who will contact and negotiate with the supplier regarding terms, conditions, final price, quantity, changes to orders, starting or canceling work, and returning items. If the procurement action is greater than \$5,000, the Procurement Officer will perform all contacts with suppliers.
- D. **Evaluation of Bids** – Bids will be evaluated on two controlling factors: price and supplier performance. Supplier performance includes quality, timeliness in meeting deadlines and adequate capitalization to finance total or partial work segments prior to payment. All supplier performance requirements will be communicated to prospective bidders as determined by the procurement action. In the event multiple suppliers demonstrate the ability to provide the requested good and services, price will be the determining factor. The Procurement Officer may disallow any bid from a supplier who has previously demonstrated unsatisfactory performance on City solicitations or who is prohibited from responding to Federal, Maryland, or Harford County solicitations. The City reserves the right to accept or reject any bid at the sole discretion of the Procurement Officer.
- E. **Performance Security** – All bids for goods or services in the amount of \$15,000 or more will require the Bidder to provide a performance guarantee in the amount of 10% of the total bid amount. This security can be in the form of a certified check or a performance bond from a corporate surety company.
- F. **Bid Protests** – An actual or prospective bidder, offerer or contractor, who may be aggrieved by the bid solicitation or award of a contract, may protest to the Director of Administration. The procedure for filing a protest can be found on Exhibit 1. Copies of this procedure will be made available to all bidders.
- G. **Emergency Orders** - Emergency situations exist when goods or services are not sufficient to prevent significant delays in work performance or when a delay may vitally affect the life,

health, or general welfare of a citizen of the City. The Mayor may permit a procurement action to be made on an emergency basis at such times as the Mayor decides that prevailing circumstances warrant the shortening of time for the procurement process. If a situation occurs where an emergency purchase is required, the Department Director shall notify the Procurement Officer immediately upon approval by the Mayor. The Department Director shall also generate a Purchase Requisition no later than the first regular City business day after the emergency.

Under emergency procurement conditions, bids may be solicited from a representative number of suppliers or contractors on a bidders list maintained by the Procurement Officer. Failure to notify prospective suppliers on the bidders list will not invalidate any bids or contracts under emergency procurement conditions.

H. Non-Emergency Exceptions to the Bidding Process - The following are examples of non-emergency procurement situations that may be exempt from the bid solicitation process. The Procurement Officer will make the final determination of the required solicitation method.

1. Lease/rental of real property where property location is considered significant.
2. Purchase of patented or manufactured products offered for sale in a non-competitive market (e.g., utilities), or solely by a manufacturer's authorized dealer, or directly from the manufacturer.
3. Contracts involving policies of insurance or surety company bonds.
4. Purchases for goods and services made by government contract.

I. The Purchase Order – The Purchase Order is the official purchasing authorization document prepared by the

Procurement Officer. The Director of Administration and Procurement Officer are the only individuals possessing legally binding authority; therefore, all Purchase Orders must be signed by one of these officials.

The Purchase Order is prepared by the Procurement Officer from the Purchase Requisition within the Financial System. Materials or service received prior to the issuance of a purchase requisition are prohibited except in emergencies. Failure to plan is not a valid emergency and may result in the refusal to approve a purchase or pay for the goods provided and services rendered.

1. **Blanket Purchase Orders** – Repetitive purchases of goods and services may be procured by the issuance of a single blanket purchase order within any fiscal year. The Procurement Officer will determine whether goods and services may be obtained in this manner. The duration and the amount will be determined by the Department Director with the approval of the Procurement Officer. To initiate a Blanket Purchase Order the Department Director will identify the items to be purchased in this manner during the Purchase Requisition process. Appendix A has a copy of the Financial System instructions for creating a Purchase Requisition.
 2. **Service and Maintenance Contracts** – the Procurement Officer will review all service and maintenance contracts that are awarded by the City, regardless of value, in conjunction with the initiating Department Director, at least annually.
- J. **Receiving** – When goods and services are delivered, the Department Director will ensure that goods and services received are in accordance with the terms and conditions of the Purchase Order. If there is a problem with the shipment, it should be so noted and reported to the Procurement Officer immediately. All receiving documents, including packing slips or memorandum acknowledgements of receipt, should clearly indicate supplier performance and be signed by Department

Directors. Receiving documents should be submitted to the Finance Department to initiate vendor payment.

- K. **Supplier Invoice** – Supplier invoices should be mailed directly to the Finance Department who will forward it to the appropriate initiating Department Director. The Department Director must authorize supplier invoices prior to payment and authorization must include Department Director signature. Authorized invoices should be returned to the Finance Department at least one (1) week prior to its due date.

When a supplier's invoice is received, Finance will match it with the Purchase Order and receiving documents. These documents will be retained with a copy of the payment in the Finance Office. Files will be maintained by the Finance Department as prescribed by Maryland Law. Access may be obtained through the Finance Department.

- L. **Environmentally Preferable Purchasing** – To the greatest extent practicable the City of Havre de Grace will:
1. Institute practices that reduce waste by increasing product efficiency and effectiveness;
 2. Purchase products that minimize environmental impacts, toxics, pollution, and hazards to worker and community safety; and
 3. Purchase products and water, use agricultural fibers and residues, reduce greenhouse gas emissions, use unbleached or chlorine-free manufacturing processes, are lead-free and mercury-free, and use wood from sustainably harvested forests.
 4. The City shall institute practices that reduce waste and result in the purchase of fewer products whenever practicable and cost-effective, but without reducing safety or workplace quality.
 5. The City shall purchase remanufactured products such as laser toner cartridges, tires, furniture, equipment and automotive parts whenever practicable, so long as doing so does not reduce safety, quality or effectiveness.
 6. All products for which the United States Environmental Protection Agency (U.S. EPA) has established minimum

recycled content standard guidelines. Examples include those for paper products. These products shall contain the highest post-consumer content practicable, but no less than the minimum recycled content standards established by U.S. EPA Guidelines.

7. Where applicable, energy-efficient equipment shall be purchased with the most up-to-date energy efficiency functions. This includes, but is not limited to high efficiency space heating systems and high efficiency space cooling equipment.
8. The City shall purchase water-saving products whenever practicable.
9. To the extent practicable, no cleaning or disinfecting products shall contain ingredients that are carcinogens, mutagens or teratogens. These include chemicals listed by the U.S. EPA or the National Institute for Occupational Safety and Health or the Toxics Release Inventory.
10. The use of chlorofluorocarbon-containing refrigerants, solvents and other products shall be phased out and new purchases shall not contain them.
11. All detergents shall be readily biodegradable and, where practicable, shall not contain phosphates

Nothing contained in this policy and procedure manual shall be construed as requiring a department, purchaser, or contractor to procure products that do not perform adequately for their intended use, exclude adequate competition, or are not available at a reasonable price in a reasonable period of time.

It is the desire of the City to purchase environmentally preferable products from vendors whenever possible; however, to insure that maximum value is obtained for each public dollar spent, the City cannot make purchasing decisions solely on the basis of the environmentally preferable status of a product.