

Purchasing Policies and Procedures

Approved by:

Effective:

PURPOSE:

To establish purchasing standards and practices consistent with or exceeding state law, and to identify activities and reviews that are centralized for purposes of control within the office of town Selectboard and the activities that are decentralized to municipal departments.

AUTHORITY:

MGL Chapter 30B

POLICY:

The town's goal is to optimize the value received for each tax dollar expended by strict adherence to competitive quotation and bidding requirements and by participation in state and regional cooperative purchasing agreements. The Town seeks to obtain goods and services that will reliably perform their function at the lowest possible cost to the Town.

Please refer to the attached procurement chart for the categories this applies.

Any employees who order materials supplies or services without proper approvals may be subject to disciplinary action. It is the town's policy that any employee who orders materials, supplies or services without proper approvals and adherence to the process can be held liable for payment.

DIVISION OF RESPONSIBILITY

The town's procurement function is decentralized. Municipal departments should seek the assistance of the Town Administrator/Chief Procurement Officer for assistance with the following:

- Obtaining quotes
- Issuing bids
- Advertising the bids and
- Preparing bid tabulations and evaluations.

The town's control and oversight of all procurements lies with the Town Accountant and Town Administrator. The Town Administrator and Select Board exercise control of procurements, as it is the sole authority to:

- Approve advertisements for bid
- Approve bid specifications and
- Approve (sign) all contracts for construction and professional services.

PROCEDURES:

QUOTATION AND BIDDING REQUIREMENTS

Quotations and bids will be made in accordance with Chapter 30B of the Massachusetts General laws

or can be more restrictive based on the decision of the town Select Board's office.

General Rules:

- **Solicitation of Bids:** When the *Request to Advertise* is approved, bids are solicited and a date, time, and location is established for the receipt of the bids. Vendors wishing to bid must submit their bids to the identified department on or before that time. As bids are received, they must be time and date stamped by the receiving department as proof of receipt. Bids arriving after this deadline are returned un-opened to the vendor marked as a "late bid."
- **Bid Deposits:** The majority of formal bids require bid deposits in the form of certified checks or bid bonds. These must be enclosed with the bids and will be returned to the respective vendors in compliance with the terms of the bid specifications.
- **Bid Opening:** The bids, which must bear the notation as noted in the invitation to bid are publicly opened in the pre-established location by the department's procurement designee with one witness present. Bids are informally tabulated and the apparent low bidder announced pending a complete examination of all bids for verification of totals, and compliance to specifications at a future Select Board meeting.
- **Bid Tabulation:** The department that opened the bids must complete a formal *Bid Tabulation* which analyzes the unit prices, discounts, delivery terms and charges, trade in allowances and all factors to determine the bidder with the lowest bid price. This tabulation should also note if other relevant factors have been met: for example provision of a bid bond. The bid tabulation is made available to the public for inspection indicating the ranking of all bidders and the tabulation becomes a permanent part of the bid file.
- **Lowest Responsive and Responsible Bidder:** Bids should be awarded to the lowest responsive and responsible bidder based on warranties, quality of performance on prior contracts, ability to deliver within prescribed timelines and capacity of bidder to meet the stipulated specifications.
- **Notification of Award:** The office of the town Selectboard will send a notice of award letter to the chosen bidder and request (as applicable):
 - Performance Bonds
 - Labor and Materials Bonds
 - Certificates of Insurance
 - Statement of Compliance with Prevailing Wage Rates
- **Record Retention:** Copies of all bid documents including vendor responses, evaluations and award determinations should be retained in the department that received the bids for a minimum of at least seven years.
 - **Multiple "small" procurements are prohibited:** It is contrary to town policy, which is to obtain the most value for each dollar expended, for any department to "split" procurements or do several small procurements for the same class/category of materials and supplies.
- **Sole Source Procurements:** Competitive bids may be waived in instances where there is only one vendor who can provide the relevant equipment, materials or services. In the instance of sole source procurement, supporting documentation must be submitted to the town Select Board's office.

- **Bid Protests:** All departments receiving bids must review and examine them objectively. Any bidder who protests the bid award should be referred to the town Select Board's office. Bidders will be informed to submit their issues in writing with the specific details. The town Select Board's office and town counsel will review the basis of the protest and will respond in writing.

For specific bidding requirements refer to Chapter 30B of the Massachusetts General Laws and other publications issued by the Inspector General's office.

COOPERATIVE PURCHASING AND STATE CONTRACTS

POLICY:

The policy of the Town is that town Select Board (or their designee) has the authority to join with other units of government in cooperative purchasing plans when the best interests of the Town will be served in terms of maximizing the value of each tax dollar expended. The use of these contracts saves in terms of reduced overhead expenditures as well as in terms of savings from the economies of scale of regional and state arrangements.

PROCEDURES:

- The Town may bid any item or material. Prior to said award the low bid should be compared to regional cooperative bids and state bids for said item to assure that the Town is obtaining the best price.
- The town Select Board (or their designee) may enter into cooperative arrangements (with other groups of municipalities) to obtain economies of scale for various items such as: chemicals, sand, salt, calcium chloride, fertilizer, motor oil, bituminous material, gravel, office supplies, etc. Municipal departments will procure these materials for the fiscal year from the vendor awarded the contract by the cooperative/regional group of municipalities.

CONTRACTS AND AGREEMENTS FOR GOODS AND SERVICES

POLICY:

The policy of the Town and state statutes require contracts and agreements to be executed for all purchases \$10,000 or greater. All Town of Monterey contracts and agreements will not be valid unless the following approval procedures and signatures of town officials are in place.

Procedures:

- Upon the award of a contract, the town department procuring the good or service should use a Standard Form Contract. The contract provides complete and detailed conditions for the performance or delivery of the respective goods or services. The contract is submitted first to the vendor or consultant for their signature. In this manner, the Town will understand that the vendor has accepted the terms and conditions of the agreement.
- The following officials should then sign the agreement for these specific purposes:

- The accountant shall sign all contracts verifying that there is an appropriation available to fund the contract.
- The town Selectboard shall be the final signature on the contract to bind the Town, and as confirmation that procurement requirements were met.
- Prevailing *Wage Rates and Payment* and *Performance Bonds* shall be attached to relevant contracts.
- The Chief Procurement Officer should retain a copy of all contracts, including personal service contracts, executed by the Town. The other original copies shall be distributed to the vendor and to the town accountant.
- All parties who signed the original contract must sign any subsequent amendments to the original contract/agreement.

M.G.L. c. 30, § 39M, or M.G.L. c. 30B, § 5 – PUBLIC WORKS (NON-BUILDING) CONSTRUCTION CONTRACTS

| Estimated Contract Amount | Under \$10,000 | \$10,000 to \$50,000 | \$50,000 or less | Over \$50,000 |
|--|---|--|--|--|
| | M.G.L. c. 30, § 39M | M.G.L. c. 30, § 39M | M.G.L. c. 30B, § 5 Option¹ | M.G.L. c. 30, § 39M |
| Procurement Procedure | Sound business practices (as defined in M.G.L. c. 30B, § 2). ² | Use a written scope-of-work statement to solicit written responses from no fewer than 3 persons who customarily perform such work. ³ | Sealed bids. | Sealed bids. |
| Notice/Advertising Requirements | None. | Post a notice at least two weeks before responses are due on 1) your jurisdiction’s website; 2) COMMBUYS; 3) in the <i>Central Register</i> ; and 4) in a conspicuous place near your office. ⁴ | Post a notice at least two weeks before bids are due 1) in your jurisdiction’s office, and publish 2) in a newspaper; 3) on COMMBUYS; and 4) in the <i>Central Register</i> . ⁵ | Post a notice 1) in your jurisdiction’s office for at least one week before bids are due; and, at least two weeks before bids are due, publish 2) in the <i>Central Register</i> ; 3) in a newspaper; and 4) on COMMBUYS. ⁶ |
| OSHA Training | No. | Yes. | Yes. | Yes. |
| Prequalification | No. | No. | No. | Maybe. ⁷ |
| Bid Deposit | No. | No. | No. | 5% of the value of the total bid. |
| Payment Bond | No. | 50% payment bond if contract is more than \$25,000. ⁸ | 50% payment bond if contract is more than \$25,000. ⁹ | 50% payment bond. |
| Performance Bond | No. | No. | No. | No. |
| Prevailing Wage | Yes. | Yes. | Yes. | Yes. |
| OSD or Blanket Contract Option | Yes. | Yes. | No. | No. |

(WITH LABOR)

1 Authorized by M.G.L. c. 30, § 39M(d).

2 M.G.L. c. 30, § 39M, as amended by Chapter 218 of the Acts of 2016. M.G.L. c. 30B, § 2, defines sound business practices as “ensuring the receipt of favorable prices by periodically soliciting price lists or quotes.”

3 M.G.L. c. 30, § 39M, as amended by Chapter 218 of the Acts of 2016.

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5 M.G.L. c. 30B, § 5, and M.G.L. c. 9, § 20A.

6 M.G.L. c. 149, § 44J.

7 Although M.G.L. c. 30, § 39M, does not mandate a contractor prequalification process, prequalification of bidders by the Massachusetts Department of Transportation is required for contracts of \$50,000 or more (1) if the awarding authority receives State Aid funds under

M.G.L. c. 90, § 34; or (2) the work is on a state road, regardless of whether the awarding authority receives State Aid funds under M.G.L. c. 90, § 34.

8 M.G.L. c. 149, § 29.

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