

# MOUNT PLEASANT WATERWORKS



## PURCHASING POLICY

# **TABLE OF CONTENTS**

## **CHAPTER 1 – INTRODUCTION**

### **Section 1 – General Provisions**

Purpose and Application .....	1
Public Access to Information .....	1
Compliance with Federal Regulations .....	2
Other General Requirements .....	2
Standards of Conduct .....	2

### **Section 2 – Purchasing Organization**

Purchasing Organization .....	4
Authority and Duties .....	4
Unauthorized Purchasing .....	7

### **Section 3 - Definitions**

Definition of Terms .....	7
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## **CHAPTER 2 – PROCUREMENT REQUIREMENTS**

### **Section 1 – General Overview/ Quick Reference**

General Overview: Competitive Procurement Requirements (Quick Reference Guide) .....	11
General Overview: Approval Requirements (Quick Reference Guide) .....	12

### **Section 2 – O&M Supplies, Equipment, and Services Procurement**

#### 2.1 Methods of Source Selection:

2.1.1 Negotiated Based Selection .....	13
2.1.2 Request For Quotes .....	14
2.1.3 Invitation For Bids .....	14
2.1.4 Request for Proposals .....	16

2.1.5 Request For Qualifications .....	18
2.1.6 Sole Source Procurement .....	19
2.1.7 Emergency Procurement .....	19
2.1.8 Purchasing from State Contracts or Cooperative Purchasing Entities .....	20
Terms of Solicitations and Contract Requirements .....	20

### Section 3 – Capital Outlay Procurement

#### 3.1 Methods of Source Selection:

3.1.1 Request For Quotes .....	23
3.1.2 Invitation For Bids .....	23
3.1.3 Request for Proposals .....	25
3.1.4 Sole Source Procurement .....	28
3.1.5 Emergency Procurement .....	28
3.1.6 Purchasing from State Contracts or Cooperative Purchasing Entities .....	29

### Section 4 – Professional Services Procurement

#### 4.1 Methods of Source Selection:

4.1.1 Negotiated Based Selection .....	30
4.1.2 Request For Quotes .....	31
4.1.3 Request for Proposals .....	31
4.1.4 Sole Source Procurement .....	34
4.1.5 Master Agreements .....	34
4.1.6 Emergency Procurement .....	37
4.1.7 Request for Qualifications .....	38
4.1.8 Purchasing from State Contracts or Cooperative Purchasing Entities .....	38

### Section 5 – CIP Construction Procurement

#### 5.1 Methods of Source Selection:

5.1.1 Negotiated Based Selection .....	40
5.1.2 Request for Proposals .....	40
5.1.3 Invitation for Bids .....	44
5.1.4 Sole Source Procurement .....	46
5.1.5 Emergency Procurement .....	46
5.1.6 Request for Qualifications .....	47
5.1.7 Purchasing from State Contracts or Cooperative Purchasing Entities .....	47

### **CHAPTER 3 – CONTRACT FORMATION**

Types of Contracts .....	48
Preparing the Service Contract .....	48
Preparing the Construction Contract.....	49
Design-Build and Construction Manager at Risk .....	52
Bonds .....	53
Insurance.....	54
General Boilerplate Terms and Conditions used for Contract Formation .....	54
Special Terms and Conditions .....	56
Contract Administration.....	57

### **CHAPTER 4 – PURCHASE ORDERS**

Requisitions for Purchase Orders.....	59
Purchase Orders .....	59
Purchase Orders After the Fact .....	60
Blanket Purchase Orders.....	60
Credit Card Purchases.....	60
Travel Authorization.....	61
Capital Purchase Orders.....	61
Capital Outlay Purchases .....	61
High Technology Products .....	62

### **CHAPTER 5 – MISCELLANEOUS**

Authority to Debar or Suspend .....	63
Authority to Resolve Contract and Breach of Contract Controversies.....	65
Appeals Procedures.....	66
Supply Management Regulations .....	68
Local Vendor Preference .....	69
Solicitation of Small and Disadvantaged Businesses .....	69
Cooperative Purchasing .....	69
Changing Existing Purchasing Procedures .....	70
Establishing New Purchasing Procedures.....	70
Use of Grant or Other Program Funds .....	70

## APPENDICES

- Appendix A Request for Quote (RFQT) Worksheet
- Appendix B Approval Limits by Department
- Appendix C Shared Credit Card Program
- Appendix D Approved Cooperative Purchasing Entities

**MOUNT PLEASANT WATERWORKS  
PURCHASING  
POLICIES & PROCEDURES**

*Adopted November 14, 2009*

***CHAPTER 1 - INTRODUCTION***

**SECTION 1 - GENERAL PROVISIONS**

**Purpose and Application**

Purpose:

The purpose of this document is to embody sound principles of competitive procurement and to establish efficient purchasing and professional procurement policies and procedures to ensure that the Commission is acquiring required levels of goods and services at the best possible price meeting established quality standards.

Application:

This Policy applies to the procurement of goods, services, and construction projects for Commission purposes according to laws and procedures intended to provide for the economical expenditure of public funds.

Specific Repealer:

This Policy repeals all previously issued policies and procedures pertaining to public procurement for the Commission.

**Public Access to Purchasing Information**

Public Access to Purchasing Information:

The Commission shall comply with Chapter 4 of Title 30 (The Freedom of Information Act), and Section 11-35-410 of the South Carolina Code of Laws, 1976.

Privileged and confidential information is information in specific detail not customarily released to the general public, the release of which might cause harm to the competitive position of the person supplying the information. Information and data on a user obtained from bid tabs and bid awards, reports, questionnaires, monitoring programs and from

inspections shall be available to the public or other governmental agency without restriction unless the user specifically requests that the release of such information would divulge information, processes or methods of production entitled to protections as “privileged and confidential” information or as “trade secrets” of the vendor. Any such information must be clearly marked as such on each page of the document.

## **Compliance with Federal Regulations**

### Compliance with Federal Regulations:

Where procurement involves the expenditure of federal assistance or contract funds, the Commission and all designees shall comply with such federal law and authorized regulations that are mandatory and are not reflected in this Policy.

## **Other General Requirements**

### Petty Cash:

Requests for petty cash disbursements greater than \$50.00 must have approval from the individual’s Department Head prior to issuance of petty cash funds. Amounts requested for less than \$50.00 need no approval.

The Accounting Supervisor will designate a person(s) to be responsible for petty cash at a maximum level of \$500.00. A signed voucher, by the requestor and supervisor, for the amount being requested must be given to the person(s) in charge of petty cash before disbursement.

Checks to replenish petty cash will be approved by the CFO upon the submission of receipts supporting the amount requested.

The Accounting Supervisor shall review petty cash transactions monthly.

## **Standards of Conduct**

### Standards of Conduct:

In all actions involving the procurement of supplies, services, or construction for this Commission, the provisions of chapter 13 of Title 8 (State Ethics Act), South Carolina Code of Laws, 1976, the Sherman Antitrust Act, the Clayton Antitrust Act and the Robinson-Patman Act shall be complied with.

Ethics in Procurement:

- A. Employee Conflict of Interest – It shall be unethical for any Commission employee or official to transact any business or participate directly or indirectly in a procurement contract when the employee knows that:
- a. The employee or official or any member of the employee or official's immediate family has a substantial interest or financial interest pertaining to the procurement contract, unless the transaction is specifically exempted by law.
  - b. Any other person, business, or organization with whom the employee or official or any member of the employee or official's immediate family is negotiating or has an arrangement concerning prospective employment is involved in the procurement contract.
  - c. An employee or official or any member of the employee or official's immediate family who holds a substantial interest or financial interest in a disclosed blind trust shall not be deemed to have a conflict of interest with regard to matters pertaining to that substantial interest or financial interest.
- B. Gratuities, Rebates, and Kickbacks
- a. Gratuities – It shall be unethical for any person to offer, give, or agree to give any Commission employee or official or for any Commission employee or official to solicit, demand, accept, or agree to accept from another person, a gratuity of more than nominal value or rebate or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim, or controversy, or other particular matter, pertaining to any program requirement or contract or subcontract, or to any solicitation or proposal therefore.
  - b. Kickbacks and Rebates – It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contract or higher tier subcontractor, or any person associated therewith, as an inducement of the award of a subcontract or order.
  - c. Courtesies – Employees may accept for themselves and members of their families common courtesies usually associated with customary business practices from suppliers of merchandise, services, supplies, etc., to the Commission when given for the overall benefit of the Commission.
  - d. Cash – It is never permissible for Commission employees or officials to accept gifts in cash equivalents (i.e., stocks, marketable securities, etc.) of any amount from contractors or potential contractors.

## **SECTION 2 - PURCHASING ORGANIZATION**

The Commission's Purchasing Administration functions under a decentralized system with limited authority vested in the staff of the Commission. The overall administration, enforcement and supervision of the purchasing policies and procedures established by the Commissioners are vested in the Budget & Procurement Supervisor through the auspices of the CFO and General Manager.

### **Responsibility for Purchasing Policy and Procedures (O&M)**

#### Authority and Duties:

The Chief Financial Officer, Budget & Procurement Supervisor, Accounting Supervisor, Inventory Technician and all designees shall administer and enforce procurement practices in accordance with the provisions of this policy.

#### A. Chief Financial Officer:

1. Recommends revisions, deletions or additions to purchasing policy and procedures.
2. Has overall responsibility for the administration of the Commission's purchasing policy.

#### B. Chief Financial Officer, Budget & Procurement Supervisor, and Accounting Supervisor:

1. Oversees the Commission's purchasing policy and procedures.

#### C. Budget & Procurement Supervisor

1. Oversees the procurement of all supplies, equipment and services.
2. Monitors and accounts for the disposition of scrap, surplus or obsolete material.
3. Responsible for establishing a supply management system for all items held as inventory.
4. On an annual basis, ensures all supplies held in warehouse inventory are physically inventoried and accounted for.
5. Plans, organizes, and oversees purchasing activities for the Commission.

6. Oversees the bidding and proposal process for all acquisitions including obtaining bids and proposals, evaluating bids and proposals, negotiating contracts, initiating purchase orders, and expediting orders.
7. Establishes specifications for materials stored in the warehouse. Maintains current knowledge of state purchasing contracts.
8. Verifies available funds before issuance of purchase orders.
9. Distributes monthly inventory status reports to each department reflecting an up-to-date listing of all expendable supplies charged to the user departments.

D. Accounting Supervisor

1. Ensures all fixed assets are identified and recorded in a central register and depreciated according to established practices.
2. Applies appropriate insurance to capital equipment.

E. Inventory Technician:

1. Prepares purchase requisitions to replenish inventory items.
2. Reports to the Budget & Procurement Supervisor supplies that have been determined to be lost, missing, stolen, misappropriated, or damaged.
3. Issues materials as requested to user departments.
4. Responsible for receiving, shipping, distribution and downloading information of all commodities received by the Commission.
5. Picks up emergency materials from outside vendors and delivers to departments as requested.
6. Returns surplus supplies to stock inventory.
7. Maintains all warehouse and inventory areas.

## **Responsibility for Purchasing Policy and Procedures (CIP)**

### Authority and Duties:

The Chief Financial Officer, Budget & Procurement Supervisor, and designated Engineering staff shall administer and enforce capital procurement practices in accordance with the provisions of this policy.

#### A. Chief Financial Officer and Budget & Procurement Supervisor:

1. Oversees the Commission's purchasing policy and procedures.
2. Recommends revisions, deletions, or additions to purchasing policy and procedures.

#### B. Chief Financial Officer:

1. Has overall responsibility for the administration of the Commission's purchasing policy.

#### C. Budget & Procurement Supervisor

1. As needed, provide assistance, guidance, and/or oversight for capital procurement.

#### D. Engineering Department Manager

1. Has primary responsibility for the administration of the Commission's capital procurement.
2. Recommends revisions, deletions, or additions to purchasing policy and procedures.
3. Provides assistance, guidance, and/or oversight for capital procurement.
4. On a monthly basis, will provide a capital procurement summary report to the Budget & Procurement Supervisor to ensure compliance with established policies and procedures.

#### E. Engineering Department Heads:

1. Have secondary responsibility for the administration of the Commission's capital procurement.
2. Provide assistance, guidance, and/or oversight for capital procurement.

### Unauthorized Purchasing:

Any unauthorized purchase without prior issuance of a purchase order, credit card, or written contract will be the personal and financial responsibility of the employee placing the order or making the purchase until the purchase documentation has been approved.

### SECTION 3 - DEFINITIONS

The following words, unless the context clearly indicates otherwise, shall mean the following:

- a) **“Budget & Procurement Supervisor”** is an individual designated by the Chief Financial Officer to serve as the purchasing coordinator for the Commission.
- b) **“The Commission”** means Mount Pleasant Waterworks (MPW).
- c) **“Capital Maintenance Project”** is a predefined project for the maintenance of capital assets.
- d) **“Capital Outlay”** is the purchase of all items greater than \$ 5,000.00 in cost for equipment, buildings, automobiles, operational equipment, office equipment and furniture, communications or other such equipment purchased for use in operations by the Commission and budgeted in the capital outlay section of the annual budgets.
- e) **“CFO”** means Chief Financial Officer
- f) **“Change Order”** means any written alteration mutually agreed on by both parties of the contract which changed one or more of the following; specifications, delivery point, rate of delivery, period of performance, price, quantity or other terms.
- g) **“Construction”** is the process of building, altering, remodeling, improving or demolishing any structure or building. It does not include the routine operation of minor repairs or maintenance to existing structures, building or real property.
- h) **“Contract”** means all types of written agreements, regardless of what they may be called, for the purchasing or disposal of supplies, services or construction, including purchase orders.
- i) **“Contractor”** is any person or business entity having a contract with the Commission.

- j) **“Cooperative Purchasing”** means the combining of requirements of two or more political entities in order to obtain the benefits of volume purchases and/or reduction in administrative expenses.
- k) **“Day”** means a business day, which the offices of MPW are open to the public for carrying on substantially all of its business functions.
- l) **“Designee”** is a duly authorized representative of the Commission with formal responsibilities under the regulations and policies stated herein.
- m) **“Disadvantaged Business”** is a small business, not limited to members of minority groups, which is owned or controlled by a majority of persons, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages.
- n) **“Emergency”** means when there is a threat to public health, welfare or safety of people.
- o) **“Employee”** is an individual drawing salary or wages from the Commission or Federal Government.
- p) **“Grant”** means the furnishing by the (County, State, and/or Federal Governments) of assistance, whether financial or otherwise, to any person to support a program authorized by law.
- q) **“Invitation for Bid (IFB)”** means a written or published solicitation issued by Purchasing or designee for bids to contract for the purchase or disposal of supplies, services or construction. A bid in response to an IFB is a formal bid that has been submitted in a sealed envelope either in person, by mail or by other delivery service to prevent its contents from being revealed or known before the bid submission deadline. Telephone, e-mail and/or faxed bids are not acceptable. This type of solicitation is frequently used for the purchase of services such as building or maintenance contracts, construction, and equipment, but it may also be used for selling scrap and surplus.
- r) **“Local Vendor”** is a business that is licensed by the Town of Mount Pleasant to operate within the corporate limits of the Town and/or an existing customer of MPW.
- s) **“May”** denotes the permissive.
- t) **“Person(s)”** is any business, individual, union, committee, club, other organization, or group of individuals.

- u) **“Pre-Bid/Pre-Proposal Conference”** is a forum for the purchaser and interested suppliers to discuss the Commission’s needs and requirements. Pre-bid/proposal conferences are held after issuance of a solicitation but before submission and opening of bid/proposal. It encourages questions and discussion from those present. The Commission may make the pre-bid/proposal conference mandatory. In such cases, the Commission may not consider a bid/proposal from a supplier that has not attended the conference.
- v) **“Procurement”** means to obtain, acquire. To bring about effect.
- w) **“Professional Services”** includes water storage, water treatment, water distribution, wastewater collection, wastewater treatment, disposal, auditing, architectural, engineering, accounting, janitorial services, landscaping, information technology consultants, legal consultants, etc.
- x) **“Purchasing”** means buying, procuring, renting, leasing or otherwise acquiring any supplies, capital outlay, services or construction. It also includes all functions that pertain to the obtaining of any supplies, capital outlay, services or construction, including description of requirements, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration.
- y) **“Request for Proposal (RFP)”** is a written or published solicitation issued by Purchasing or designee for proposals to provide supplies, services, or construction.
- z) **“Request For Quote (RFQT)”** is a request for price quotation received via telephone, e-mail, fax or in person secured by the user department, documented for price comparison purposes.
- aa) **“Request for Qualification (RFQ)”** is a questionnaire or inquiry into the supplier’s ability to meet the minimum standards needed to successfully bid or propose on the project.
- bb) **“Service”** is the furnishing of labor, time, or expertise in a field of work.
- cc) **“Shall”** denotes the imperative.
- dd) **“Small Business”** means businesses which are independently owned and which is not dominant in its field of operation or an affiliate or subsidiary of a business dominant in its field of operation. A designation for certain statutory purposes referring to a firm, corporation, or establishment having a small number of employees, low volume of sales, small amount of assets, or limited impact on the market.

- ee) **“Statement of Work (SOW)”** is an accurate description of the essential and technical requirements of the service. A definition of the desired results and the standards to be used to determine whether the requirements have been met must be included. The SOW is performance oriented: it seeks results. It describes the logical flow of activities or tasks, the personnel and material resources required (input), the work necessary to convert input into the specific service (output), and the responsibilities of the parties. As an example, a time chart could be included showing who does what, and when from start to finish. The definitions on personnel and materials necessary for a service should be specific.
- ff) **“Subcontractor”** means any person having a contract to perform work or render service to a prime contractor as a part of the prime contractors’ agreement with the Commission.
- gg) **“Supplies”** means all material, including but not limited to, equipment, printing, treatment chemicals, office supplies, janitorial supplies, and auto supplies.
- hh) **“Supplier”** means the person or business unit actually performing services, or manufacturing, producing, or shipping supplies required by the contract. See vendor.
- ii) **“Vendor”** is one who sells goods and/or services; a supplier. One who has entered into a contract to sell goods and/or services.

## ***CHAPTER 2 – PROCUREMENT REQUIREMENTS***

### **SECTION 1 - GENERAL OVERVIEW/ QUICK REFERENCE**

#### **Competitive Procurement Requirements**

##### O&M Supplies, Equipment & Services Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$2,500	Negotiated based selection (see paragraph 2.1.1)
\$2,501 - \$25,000	Three quotes required (see paragraph 2.1.2 – Request for Quotes)
> \$25,000	Formal competition required (see paragraph 2.1.3 – Invitation for Bids or paragraph 2.1.4 – Request for Proposals)

##### Capital Outlay Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$50,000	Three quotes required (see paragraph 3.1.1 – Request for Quotes)
> \$50,000	Formal competition required (see paragraph 3.1.2 – Invitation for Bids or paragraph 3.1.3 – Request for Proposals)

##### Professional Services Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$10,000	Negotiated based selection (see paragraph 4.1.1)
\$10,001 - \$50,000	Three quotes required (see paragraph 4.1.2 – Request for Quotes)
> \$50,000	Formal competition required (see paragraph 4.1.3 – Request for Proposals)

##### CIP Construction Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$150,000	Negotiated based selection (see paragraph 5.1.1)
>\$150,000	Formal competition required (see paragraph 5.1.3 – Request for Proposals or 5.1.4 – Invitation for Bids)

## Approval Requirements

### O&M Supplies, Equipment & Services

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

Operating - budget transfer – Any Amount, General Manager approval required.  
If increasing total operating – any amount, **Commissioners approval required.**

### Professional Services

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

Operating - budget transfer – Any Amount, General Manager approval required.  
If increasing total operating – any amount, **Commissioners approval required.**

### Capital Outlay

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

New capital request must be submitted and evaluated by the Capital Program Team to determine if funds are available.

### CIP Construction

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

If increasing total annual CIP budget or emergency purchase – Any amount, **Commissioners approval required.**

#### *Change Orders:*

##### *If Budgeted Project Funds Available:*

< 10% of original contract amount up to a cumulative total of \$37,500 – PM approval required

> 10% but < 20% of original contract amount up to a cumulative total of \$125,000 – Engineering Department Manager approval required

> 20% of original contract or over a cumulative total of \$125,000 – General Manager approval required.

##### *If No Budgeted Project Funds Available:*

Any amount, **Commissioners approval required.**

## **SECTION 2 – O&M SUPPLIES, EQUIPMENT AND SERVICES PROCUREMENT**

*O&M purchases include all supplies, equipment, or services that do not qualify as capital outlay, professional services, or CIP construction purchases. Examples of this would be office supplies, small office equipment, or printing services.*

### O&M Supplies, Equipment & Services Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$2,500	Negotiated based selection (see paragraph 2.1.1)
\$2,501 - \$25,000	Three quotes required (see paragraph 2.1.2 – Request for Quotes)
> \$25,000	Formal competition required (see paragraph 2.1.3 – Invitation for Bids or paragraph 2.1.4 – Request for Proposals)

### O&M Supplies, Equipment & Services Approval Requirements

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

Operating - budget transfer – Any Amount, General Manager approval required.

If increasing total operating – any amount, **Commissioners approval required.**

### 2.1 Methods of Source Selection:

Because of the wide range of purchases that may be necessary for effective operation of the Commission, the following methods for source selection have been identified:

- a. Negotiated Based Selection– (see article 2.1.1)
- b. Request For Quotes (RFQT) – (see article 2.1.2)
- c. Invitation For Bid (IFB) – (see article 2.1.3)
- d. Request For Proposal (RFP) – (see article 2.1.4)
- e. Request for Qualifications (RFQ) – (see article 2.1.5)
- f. Sole Source Procurement – (see article 2.1.6)
- g. Emergency Purchases – (see article 2.1.7)
- h. State Contract Purchases – (see article 2.1.8)

#### 2.1.1 Negotiated Based Selection:

Supplies, equipment and services with an estimated total value up to or equal to \$1,000 may be secured with negotiated based selection, although competitive pricing is encouraged. Procurement can be made with the MPW approved vendor/supplier of choice.

2.1.2 Request For Quotes (RFQT) – requires coordination with the Budget & Procurement Supervisor:

For supplies, equipment and services with an estimated total value of \$2,501 to \$25,000, three informal quotes are required and shall be recorded on the RFQT worksheet (see appendix A) and forwarded to Purchasing. The RFQT will be attached to the purchase order and maintained as public record in accordance with the Commission's record retention schedule.

Award - The award shall be made to the responsible and responsive contractor or vendor with the lowest priced quote unless fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, and qualifications including equipment, experience with similar projects, and other considerations may be used in determining award.

2.1.3 Invitation For Bids (IFB) – requires coordination with the Budget & Procurement Supervisor:

The following shall apply to solicitations for IFBs:

- a. Conditions For Use – Competitive, sealed bids are the commonly used method for acquiring supplies, equipment and construction. IFBs should be used when an estimated total value for procurement is over \$25,000 for supplies, equipment and services. Bids may be request from prequalified offerors after issuance of Requests for Qualifications (RFQ's) pursuant to the terms contained herein.
- b. Public Notice – Adequate public notice should be given in advance of the bid opening to permit potential bidders, including all applicable businesses in the Town of Mount Pleasant, to prepare and submit their bids in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission's web page and/or selected trade journals for a period not less than seven calendar days.
- c. Bid Opening - Bids shall be opened in the presence of one or more witnesses at the time and place designated in the IFB. The amount of each bid and the name of each bidder shall be recorded and open to public inspection after a final award is made.
- d. Bid Acceptance and Bid Evaluation – Bids shall be evaluated based on the requirements set forth in the IFB. No criteria may be used in the bid evaluation that is not set forth in the IFB. If the low bid is not acceptable, a written explanation as to why the low bid was rejected must be prepared and shall become part of the bid file.
- e. Correction or Withdrawal of Bids; Cancellation of Awards - Withdrawal of a bid or corrections to a bid may be permitted any time prior to the bid opening. After the bid opening, no changes in bid prices or any other provisions of the bid shall be permitted. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.

- f. Award - The award shall be made to the responsible and responsive contractor or vendor with the lowest priced bid unless other criteria is identified in the Invitation for Bid or fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, bidder qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in bids. In addition, it may reject any and all bids on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of bidders;
- Errors or omissions in the IFB;
- Funding limitations;
- Changes in the intended project;
- Determination that the requirement is no longer needed; or
- Bidder's lack of required qualifications.

When the Commission receives only one acceptable bid in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred bidders; and
- Contact suppliers not responding to find out their reasons for not bidding.

If it is decided that other competitors had an opportunity to bid, then the Commission should evaluate the only bid received. If the price is fair and reasonable and the bidder is responsive and responsible, the bid may be awarded to the only bidder.

- g. Negotiations After Unsuccessful Competitive Sealed Bidding – When bids received pursuant to an invitation for bids are unreasonable, or are not independently reached in open competition, or the low bid exceeds available funds as certified by the appropriate fiscal officer, and it is determined in writing by the Chief Financial Officer, Director of Engineering, or General Manager that time or other circumstances will not permit the delay required to resolicit competitive sealed bids, the Commission may authorize negotiation of a contract provided that:
1. Each responsible bidder who submitted a bid under the original solicitation is notified of the determination and is given reasonable opportunity to negotiate;

2. The negotiated price is lower than the lowest rejected bid by any responsive and responsible bidder under the original solicitation, and
3. The negotiated price is the lowest negotiated price offered by any responsive and responsible bidder.

2.1.4 Request for Proposals (RFP) – requires coordination with the Budget & Procurement Supervisor:

The following policies shall apply to solicitations for RFPs:

- a. Conditions For Use – The competitive, sealed proposal method may be used as a method of source selection for buying a majority of services. This requires the requesting department to carefully develop a statement of work (SOW). Performance requirements define the quality of the service. In the SOW, describe how something is to be done and how it will be measured. The SOW should describe and require exact deliverables including when specific tasks are to be completed. In most service contracts, the supplier provides all necessary supplies and equipment. Proposals may be requested from prequalified offerors after issuance of Requests for Qualifications (RFQ's) pursuant to the terms contained herein.
- b. Public Notice - Adequate public notice of the RFP should be given in advance of proposal opening to permit potential proposers, including, all applicable businesses in the Town of Mount Pleasant, and all potential proposers who have been pre-qualified by the Commission, to prepare and submit their proposals in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission's web page and/or selected trade journals for a period not less than seven calendar days.
- c. Proposal Opening – Proposals shall be opened in the presence of one or more witnesses at the time and place designated in the RFP. A register of respondents shall be recorded. Contents of proposals will not be disclosed during the evaluation process.
- d. Proposal Evaluation – A minimum of three members will review proposals based on criteria defined in the RFP and select the most advantageous proposal for the Commission based on scoring the criteria. Discussions may be conducted with responsive, responsible offerors who submitted proposals for the purpose of clarification. Further, all responsive, responsible offerors may be asked to submit best and final offers.
- e. Correction or Withdrawal of Proposals – Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and

for submission of best and final offers. Modification or withdrawal of proposals is allowed any time prior to deadline for submission. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.

- f. Award - Award shall be made to the responsible and responsive offeror whose proposal is determined to be in the best interest of the Commission. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, offeror qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in proposals. In addition, it may reject any and all proposals on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of offerors;
- Errors or omissions in the RFP;
- Funding limitations;
- Changes in the intended project;
- Determination that the requirement is no longer needed; or
- Offeror's lack of required qualifications.

When the Commission receives only one acceptable proposal in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred offerors; and
- Contact suppliers not responding to find out their reasons for not submitting a proposal.

If it is decided that other competitors had an opportunity to submit proposals, then the Commission should evaluate the only proposal received. If the price is fair and reasonable and the offeror is responsive and responsible, the proposal may be awarded to the only offeror.

- g. Negotiations After an Unsuccessful Request for Proposals – When proposals received pursuant to an RFP are unreasonable, or are not independently reached in open competition, or the low proposal exceeds available funds as certified by the appropriate fiscal officer, and it is determined in writing by the Chief Financial Officer, Director of Engineering, or General Manager that time or other

circumstances will not permit the delay required to resolicit proposals, the Commission may authorize negotiation of a contract provided that:

1. Each responsible offeror who submitted a proposal under the original solicitation is notified of the determination and is given reasonable opportunity to negotiate;
2. The negotiated price is lower than the lowest rejected proposal by any responsive and responsible offeror under the original solicitation, and
3. The negotiated price is the lowest negotiated price offered by any responsive and responsible offeror.

#### 2.1.5 Request for Qualifications (RFQ):

Prior to soliciting Proposals or Bids through RFP's or IFB's, a Request for Qualifications from prospective offerors may be issued. This request shall contain a minimum description of the services to be solicited by the RFP or IFB and must state the deadline for the submission of information and how prospective offerors may apply for consideration. The request must require information only on their qualifications, experience, and ability to perform the requirements of the contract. After receipt of the responses to the RFQ from prospective offerors, rank of the prospective offerors must be determined in writing from most qualified to least qualified on the basis of the information provided. Proposals or Bids then must be solicited from at least the top two prospective offerors by means of an RFP or IFB.

When the pre-qualification process is employed, only those contractors/suppliers who have been pre-qualified are entitled to submit a bid/proposal for the project.

If the RFP/IFB states that pre-qualification is a prerequisite for responsibility, proposals/bids received from non-qualified offerors may be rejected without opening the bid/proposal.

If pre-qualification of contractors/suppliers is desired the following two-step bidding process should be used:

- 1) Send out a Request for Qualifications (RFQ) describing the services required in a statement of work (SOW), any other information and data required from each offeror, and state the relative importance of required qualifications.
- 2) After qualification, an invitation for bid/request for proposal is sent to at least the top two qualified contractors/suppliers in accordance with section 2.1.3 and 2.1.4, as applicable.

### 2.1.6 Sole Source Procurement:

A sole source purchase is authorized when there is only one source available for the goods or services. For technical items or equipment that requires standardization and interchangeability of parts with existing equipment, competitive bidding is not required. Sole source purchasing is not appropriate when a product is manufactured by only one company but is sold through many distributors.

The requesting department must submit a justification memo stating specific information as to why the procurement should be considered a sole source. The form will be submitted to the Budget & Procurement Supervisor for review and placed in the procurement file. In cases of reasonable doubt, competition should be solicited. Several circumstances can create the need for sole source procurement. Among these are, but not limited to:

- One-of-a-kind equipment, especially high technology or scientific;
- Utility services;
- Compatibility issues;
- Component parts;
- Trial use or test items.

### 2.1.7 Emergency Procurement:

- a. An emergency purchase may be authorized when there exists a threat to public health, welfare, or safety under urgent conditions, or where normal daily operations are affected. Competitive pricing is not required, but is encouraged given the circumstances.

No emergency purchases should be made without the knowledge of the Supervisor/Foreman.

- b. Contact the Inventory Technician for a purchase order number.

If the Inventory Technician cannot be contacted during working hours, the emergency purchase order number will be the “requisition number”. The Supervisor/Foreman will provide the emergency purchase order number or requisition number to the requestor.

For “after hours”, the emergency purchase order number will be the “department number – employee number”. All receipts should be turned in, with the employee’s signature and ID number to the Supervisor/Foreman the next business day.

- c. As soon as practical, a record of each emergency procurement should be made by the initiating department and should include the vendor’s name, a listing of the item(s) or

service(s) procured, the total for the item(s) or service(s), and a written documentation of the basis for the emergency and for the selection of the particular vendor.

All purchase receipts must be approved by the Supervisor/Foreman and a purchase requisition processed within two (2) days of the date of transaction.

#### 2.1.8 Purchasing from State Contracts or Cooperative Purchasing Entities:

A contract may be awarded for supplies, services, or equipment without using competitive bidding when purchased through established state or cooperative purchasing entity (Appendix D) contracts. All state and cooperative purchasing entity contract purchases must be fully documented with applicable contract numbers and approved by the Budget & Procurement Supervisor.

#### Terms of Solicitations and Contract Requirements

In preparing a solicitation and subsequent contract standards for supplies or services, special terms and conditions should be included, but not limited to,

- Payment Procedures. Instructions or special conditions that apply to payments, used to motivate performance, tied to deliverables.
- Insurance. Requirements for supplier to carry specific insurance coverage such as worker's compensation, liability, fidelity bonding, errors and omissions, and property damage.
- Bonds. A supplier may be required to provide performance and/or payment bond(s) to transfer risk of contractor default to a third party. Performance bonds guarantee that supplier will perform. Payment bonds guarantee that supplier will pay all of its suppliers and subcontractors.
- Inspection of Services. Spells out the buyer's rights and obligations. The buyer must inspect, but if the supplier has not performed adequately, then the supplier must correct or suffer cost reductions or both.
- Warranty of Services. Requires suppliers to guarantee that services conform to contract at time of inspection. Gives Commission the right to ask for re-performance or take cost reduction and accept nonconforming work.
- Contract Extension and Renewals: Explains process and responsibilities for extending or renewing contract.

- Copyright Infringement: Clause protecting the Commission against copyright infringement by the supplier. Similar to patent infringement clauses in supply and equipment contracts. Particularly appropriate in management/consulting types of contracts.
- Review and Analysis of Costs: Requirement for supplier to submit cost data if Commission plans to review and analyze costs. Cost might include personnel, travel, lodging, supplier furnished materials, etc.
- Certificates, Licenses and Permits: Requirements for the supplier to provide notarized copies of specified certificates, licenses and/or permits necessary for performance of the work.
- Quality Control: Requirements for the supplier to institute and maintain quality control programs to ensure services are provided in exact accordance with the contract. May include requirements for supervision, inspections, record keeping and responding to complaints.

### **SECTION 3 – CAPITAL OUTLAY PROCUREMENT**

*Capital Outlays would include all items that meet the \$5,000 capital outlay threshold. Examples would include vehicles, furniture, or equipment.*

#### Capital Outlay Procurement Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$50,000	Three quotes required (see paragraph 3.1.1 – Request for Quotes)
> \$50,000	Formal competition required (see paragraph 3.1.2 – Invitation for Bids or paragraph 3.1.3 – Request for Proposals)

#### Capital Outlay Approval Requirements

##### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

##### *Non-Budgeted:*

New capital request must be submitted and evaluated by the Capital Program Team to determine if funds are available.

#### 3.1 Methods of Source Selection:

Because of the wide range of purchases that may be necessary for effective operation of the Commission, the following methods for capital outlay source selection have been identified:

- a. Request For Quotes (RFQT) – (see Paragraph 3.1.1)
- b. Invitation For Bid (IFB) – (see Paragraph 3.1.2)
- c. Request For Proposal (RFP) – (see Paragraph 3.1.3)
- d. Sole Source Procurement – (see Paragraph 3.1.4)
- e. Emergency Purchases – (see Paragraph 3.1.5)
- f. State Contract Purchases – (see Paragraph 3.1.6)

Capital outlay specifications must be precise and complete. Specification should leave no doubt about installation, start-up responsibilities, performance requirements, test, inspection, and acceptance methods, related post sale responsibilities and warranties. Special terms and conditions for procurement must be considered and provided to manufacturers and vendors.

### 3.1.1 Request for Quotes (RFQT):

For capital outlays with an estimated total value of less than or equal to \$50,000 three informal quotes are required and shall be recorded on the RFQT worksheet (see appendix A) and forwarded to Purchasing. The RFQT will be attached to the purchase order and maintained as public record in accordance with the Commission's record retention schedule. Any procurement involving capital outlay shall be coordinated with the Budget & Procurement Supervisor.

Award - The award shall be made to the responsible and responsive contractor or vendor with the lowest priced quote unless fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, and qualifications including equipment, experience with similar projects, and other considerations may be used in determining award.

### 3.1.2 Invitation For Bids (IFB) – requires coordination with the Budget & Procurement Supervisor:

The following shall apply to solicitations for IFBs:

- a. Conditions For Use – Competitive, sealed bids are the commonly used method for acquiring capital outlay items. IFBs should be used when an estimated total value for procurement is over \$50,000.
- b. Public Notice – Adequate public notice should be given in advance of the bid opening to permit potential bidders, including, all applicable businesses in the Town of Mount Pleasant and all potential bidders who have been pre-qualified or who hold master agreements with the Commission, to prepare and submit their bids in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission's web page and/or selected trade journals for a period not less than seven calendar days.
- c. Bid Opening - Bids shall be opened in the presence of one or more witnesses at the time and place designated in the IFB. The amount of each bid and the name of each bidder shall be recorded and open to public inspection after a final award is made.
- d. Bid Acceptance and Bid Evaluation – Bids shall be evaluated based on the requirements set forth in the IFB. No criteria may be used in the bid evaluation that is not set forth in the IFB. If the low bid is not acceptable, a written explanation as to why the low bid was rejected must be prepared and shall become part of the bid file.

- e. Correction or Withdrawal of Bids; Cancellation of Awards - Withdrawal of a bid or corrections to a bid may be permitted any time prior to the bid opening. After the bid opening, no changes in bid prices or any other provisions of the bid shall be permitted. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.
- f. Award - The award shall be made to the responsible and responsive bidder with the lowest priced bid unless other criteria is identified in the Invitation for Bid or fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, bidder qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in bids or it may reject any and all bids on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of bidders;
- Errors or omissions in the IFB;
- Funding limitations;
- Changes in the intended project; or
- Determination that the requirement is no longer needed.
- Bidder's lack of required qualifications.

When the Commission receives only one acceptable bid in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred bidders; and
- Contact suppliers not responding to find out their reasons for not bidding.

If it is decided that other competitors had an opportunity to bid, then the Commission should evaluate the only bid received. If the price is fair and reasonable and the bidder is responsive and responsible, the bid may be awarded to the only bidder.

- g. Negotiations After Unsuccessful Competitive Sealed Bidding – When bids received pursuant to an invitation for bids are unreasonable, or are not independently reached in open competition, or the low bid exceeds available funds as certified by the appropriate fiscal officer, and it is determined in writing by the Chief Financial Officer, or General Manager that time or other circumstances will

not permit the delay required to resolicit competitive sealed bids, the Commission may authorize negotiation of a contract provided that:

1. Each responsible bidder who submitted a bid under the original solicitation is notified of the determination and is given reasonable opportunity to negotiate;
2. The negotiated price is lower than the lowest rejected bid by any responsive and responsible bidder under the original solicitation, and
3. The negotiated price is the lowest negotiated price offered by any responsive and responsible bidder.

3.1.3 Request for Proposals (RFP) – requires coordination with the Budget & Procurement Supervisor:

The following policies shall apply to solicitations for RFPs:

- a. Conditions For Use – The competitive, sealed proposal method may be used as a method of source selection for buying a majority of services. This requires the requesting department to carefully develop a statement of work (SOW). Performance requirements define the quality of the service. In the SOW, describe how something is to be done and how it will be measured. The SOW should describe and require exact deliverables including when specific tasks are to be completed. In most service contracts, the supplier provides all necessary supplies and equipment.
- b. Public Notice - Adequate public notice of the RFP should be given in advance of proposal opening to permit potential proposers, including, all applicable businesses in the Town of Mount Pleasant, and all potential proposers who have been pre-qualified by the Commission, to prepare and submit their proposals in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission’s web page and/or selected trade journals for a period not less than seven calendar days.
- c. Proposal Opening – Proposals shall be opened in the presence of one or more witnesses at the time and place designated in the RFP. A register of respondents shall be recorded. Contents of proposals will not be disclosed during the evaluation process.
- d. Proposal Evaluation – A minimum of three members will review proposals based on criteria defined in the RFP and select the most advantageous proposal for the Commission based on scoring the criteria. Discussions may be conducted with responsive, responsible offerors who submitted proposals for the purpose of

clarification. Further, all responsive, responsible offerors may be asked to submit best and final offers.

- e. Correction or Withdrawal of Proposals – Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and for submission of best and final offers. Modification or withdrawal of proposals is allowed any time prior to deadline for submission. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.
- f. Award - Award shall be made to the responsible and responsive offeror whose proposal is determined to be in the best interest of the Commission. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, offeror qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in proposals. In addition, it may reject any and all proposals on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of offerors;
- Errors or omissions in the RFP;
- Funding limitations;
- Changes in the intended project;
- Determination that the requirement is no longer needed; or
- Offeror's lack of required qualifications.

When the Commission receives only one acceptable proposal in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred offerors; and
- Contact suppliers not responding to find out their reasons for not submitting a proposal.

If it is decided that other competitors had an opportunity to submit proposals, then the Commission should evaluate the only proposal received. If the price is fair and reasonable and the offeror is responsive and responsible, the proposal may be awarded to the only offeror.

In the event that an acceptable fee cannot be negotiated with the most qualified firm, the Commission will then attempt to negotiate an acceptable fee with the next most qualified firms. This process may continue with interviewed firms until an acceptable fee has been negotiated. If no agreement is reached with one of the interviewed firms, additional firms may be interviewed or another method of procurement as allowed by this Purchasing Manual may be employed.

### Terms of Solicitations and Contract Requirements

In preparing a solicitation and subsequent contract standards for supplies or services, special terms and conditions should be included, but not limited to,

- Payment Procedures. Instructions or special conditions that apply to payments, used to motivate performance, tied to deliverables.
- Insurance. Requirements for supplier to carry specific insurance coverage such as worker's compensation, liability, fidelity bonding, errors and omissions, and property damage.
- Bonds. Requirements for supplier to provide performances and/or payment bond(s) to transfer risk of contractor default to a third party. Performance bonds guarantee that supplier will perform. Payment bonds guarantee that supplier will pay all of its suppliers and subcontractors.
- Inspection of Services. Spells out the buyer's rights and obligations. The buyer must inspect, but if the supplier has not performed adequately, then the supplier must correct or suffer cost reductions or both.
- Warranty of Services. Requires suppliers to guarantee that services conform to contract at time of inspection. Gives Commission the right to ask for re-performance or take cost reduction and accept nonconforming work.
- Contract Extension and Renewals: Explains process and responsibilities for extending or renewing contract.
- Copyright Infringement: Clause protecting the Commission against copyright infringement by the supplier. Similar to patent infringement clauses in supply and equipment contracts. Particularly appropriate in management/consulting types of contracts.
- Review and Analysis of Costs: Requirement for supplier to submit cost data if Commission plans to review and analyze costs. Cost might include personnel, travel, lodging, supplier furnished materials, etc.

- Certificates, Licenses and Permits: Requirements for the supplier to provide notarized copies of specified certificates, licenses and/or permits necessary for performance of the work.
- Quality Control: Requirements for the supplier to institute and maintain quality control programs to ensure services are provided in exact accordance with the contract. May include requirements for supervision, inspections, record keeping and responding to complaints.

#### 3.1.4 Sole Source Procurement:

A sole source purchase is authorized when there is only one source available for the goods or services. For technical items or equipment that requires standardization and interchangeability of parts with existing equipment, competitive bidding is not required. Sole source purchasing is not appropriate when a product is manufactured by only one company but is sold through many distributors.

The requesting department must submit a justification memo stating specific information as to why the procurement should be considered a sole source. The form will be submitted to the Budget & Procurement Supervisor for review and placed in the procurement file. In cases of reasonable doubt, competition should be solicited. Several circumstances can create the need for sole source procurement. Among these are, but not limited to:

- One-of-a-kind equipment, especially high technology or scientific;
- Utility services;
- Compatibility issues;
- Component parts;
- Trial use or test items.

#### 3.1.5 Emergency Procurement:

- a. An emergency purchase may be authorized when there exists a threat to public health, welfare, or safety under urgent conditions, or where normal daily operations are affected. Competitive pricing is not required, but is encouraged given the circumstances.

No emergency purchases should be made without the knowledge of the Supervisor/Foreman.

- b. Contact the Inventory Technician for a purchase order number.

If the Inventory Technician cannot be contacted during working hours, the emergency purchase order number will be the “requisition number”. The Supervisor/Foreman will provide the emergency purchase order number or requisition number to the requestor.

For “after hours”, the emergency purchase order number will be the “department number – employee number”. All receipts should be turned in, with the employee’s signature and ID number to the Supervisor/Foreman the next business day.

- c. As soon as practical, a record of each emergency procurement should be made by the initiating department and should include the vendor’s name, a listing of the item(s) or service(s) procured, the total for the item(s) or service(s), and a written documentation of the basis for the emergency and for the selection of the particular vendor.

All purchase receipts must be approved by the Supervisor/Foreman and a purchase requisition processed within two (2) days of the date of transaction.

#### 3.1.6 Purchasing from State Contracts or Cooperative Purchasing Entities:

A contract may be awarded for supplies, services, or equipment without using competitive bidding when purchased through established state or cooperative purchasing entity (Appendix D) contracts. All state and cooperative purchasing entity contract purchases must be fully documented with applicable contract numbers and approved by the Budget & Procurement Supervisor.

## **SECTION 4 – PROFESSIONAL SERVICES PROCUREMENT**

*This would include professional service areas such as, but not limited to architects, engineers, public accountants, attorneys, consultants, etc.*

### Professional Services Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$10,000	Negotiated based selection (see paragraph 4.1.1)
\$10,001 - \$50,000	Three quotes required (see paragraph 4.1.2 – Request for Quotes)
> \$50,000	Formal competition required (see paragraph 4.1.3 – Request for Proposals)

### Professional Services Approval Requirements (including all change orders)

#### *Budgeted:*

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Non-Budgeted:*

Capital Budget Request Form must be submitted for review and approval.

### 4.1 Methods of Source Selection:

Because of the wide range of purchases that may be necessary for effective operation of the Commission, the following methods for source selection have been identified:

- a. Negotiated Based Selection– (see Paragraph 4.1.1)
- b. Request For Quotes (RFQT) – (see Paragraph 4.1.2)
- c. Request For Proposal (RFP) – (see Paragraph 4.1.3)
- e. Sole Source Procurement – (see Paragraph 4.1.4)
- f. Master Agreements – (see Paragraph 4.1.5)
- g. Emergency Purchases – (see Paragraph 4.1.6)
- h. Request For Qualifications – (see Paragraph 4.1.7)
- i. State Contract Purchases – (see Paragraph 4.1.8)

#### 4.1.1 Negotiated Based Selection:

Professional Services with an estimated total value up to or equal to \$10,000 may be secured with negotiated based selection, although competitive pricing is encouraged. Procurement can be made with the MPW approved vendor/supplier of choice.

#### 4.1.2 Request for Quotes (RFQT):

For professional services with an estimated total value of \$5,000 to \$25,000 three informal quotes are required and shall be recorded on the RFQT worksheet (see appendix A) and forwarded to Purchasing. The RFQT will be attached to the purchase order and maintained as public record in accordance with the Commission's record retention schedule.

Award - The award shall be made to the responsible and responsive contractor or vendor with the lowest priced quote unless fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, and qualifications including equipment, experience with similar projects, and other considerations may be used in determining award.

#### 4.1.3 Request for Proposals (RFP) – requires coordination with the Budget & Procurement Supervisor:

The following policies shall apply to solicitations for RFPs:

- a. Conditions For Use – The competitive, sealed proposal method may be used as a method of source selection for buying a majority of services. This requires the requesting department to carefully develop a statement of work (SOW). Performance requirements define the quality of the service. In the SOW, describe how something is to be done and how it will be measured. The SOW should describe and require exact deliverables including when specific tasks are to be completed. In most service contracts, the supplier provides all necessary supplies and equipment.
- b. Public Notice - Adequate public notice of the RFP should be given in advance of proposal opening to permit potential proposers, including, all applicable businesses in the Town of Mount Pleasant, and all potential proposers who have been pre-qualified by the Commission, to prepare and submit their proposals in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission's web page and/or selected trade journals for a period not less than seven calendar days.
- c. Proposal Opening – Proposals shall be opened in the presence of one or more witnesses at the time and place designated in the RFP. A register of respondents shall be recorded. Contents of proposals will not be disclosed during the evaluation process.
- d. Proposal Evaluation – A minimum of three members will review proposals based on criteria defined in the RFP and select the most advantageous proposal for the Commission based on scoring the criteria. Discussions may be conducted with responsive, responsible offerors who submitted proposals for the purpose of clarification. Further, all responsive, responsible offerors may be asked to submit best and final offers.

- e. Correction or Withdrawal of Proposals – Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and for submission of best and final offers. Modification or withdrawal of proposals is allowed any time prior to deadline for submission. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.
- f. Award - Award shall be made to the responsible and responsive offeror whose proposal is determined to be in the best interest of the Commission. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, offeror qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in proposals. In addition, it may reject any and all proposals on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of offerors;
- Errors or omissions in the RFP;
- Funding limitations;
- Changes in the intended project;
- Determination that the requirement is no longer needed; or
- Offeror's lack of required qualifications.

When the Commission receives only one acceptable proposal in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred offerors; and
- Contact suppliers not responding to find out their reasons for not submitting a proposal.

If it is decided that other competitors had an opportunity to submit proposals, then the Commission should evaluate the only proposal received. If the price is fair and reasonable and the offeror is responsive and responsible, the proposal may be awarded to the only offeror.

In the event that an acceptable fee cannot be negotiated with the most qualified firm, the Commission will then attempt to negotiate an acceptable fee with the next most qualified firms. This process may continue with interviewed firms until an acceptable fee has been negotiated. If no agreement is reached with one of the interviewed firms, additional firms may be interviewed or another method of procurement as allowed by this Purchasing Manual may be employed.

### Terms of Solicitations and Contract Requirements

In preparing a solicitation and subsequent contract standards for supplies or services, special terms and conditions should be included, but not limited to,

- Payment Procedures. Instructions or special conditions that apply to payments, used to motivate performance, tied to deliverables.
- Insurance. Requirements for supplier to carry specific insurance coverage such as worker's compensation, liability, fidelity bonding, errors and omissions, and property damage.
- Bonds. Requirements for supplier to provide performances and/or payment bond(s) to transfer risk of contractor default to a third party. Performance bonds guarantee that supplier will perform. Payment bonds guarantee that supplier will pay all of its suppliers and subcontractors.
- Inspection of Services. Spells out the buyer's rights and obligations. The buyer must inspect, but if the supplier has not performed adequately, then the supplier must correct or suffer cost reductions or both.
- Warranty of Services. Requires suppliers to guarantee that services conform to contract at time of inspection. Gives Commission the right to ask for re-performance or take cost reduction and accept nonconforming work.
- Contract Extension and Renewals: Explains process and responsibilities for extending or renewing contract.
- Copyright Infringement: Clause protecting the Commission against copyright infringement by the supplier. Similar to patent infringement clauses in supply and equipment contracts. Particularly appropriate in management/consulting types of contracts.

- Review and Analysis of Costs: Requirement for supplier to submit cost data if Commission plans to review and analyze costs. Cost might include personnel, travel, lodging, supplier furnished materials, etc.
- Certificates, Licenses and Permits: Requirements for the supplier to provide notarized copies of specified certificates, licenses and/or permits necessary for performance of the work.
- Quality Control: Requirements for the supplier to institute and maintain quality control programs to ensure services are provided in exact accordance with the contract. May include requirements for supervision, inspections, record keeping and responding to complaints.

#### 4.1.4 Sole Source Procurement:

A sole source purchase is authorized when there is only one source available for the goods or services. For technical items or equipment that requires standardization and interchangeability of parts with existing equipment, competitive bidding is not required. Sole source purchasing is not appropriate when a product is manufactured by only one company but is sold through many distributors.

The requesting department must submit a justification memo stating specific information as to why the procurement should be considered a sole source. The form will be submitted to the Budget & Procurement Supervisor for review and placed in the procurement file. In cases of reasonable doubt, competition should be solicited. Several circumstances can create the need for sole source procurement. Among these are, but not limited to:

- One-of-a-kind equipment, especially high technology or scientific;
- Utility services;
- Compatibility issues;
- Component parts;
- Trial use or test items.

#### 4.1.5 Master agreements – requires coordination with the Budget & Procurement Supervisor:

Mount Pleasant Waterworks will select firms for professional services through master agreements with individual task orders or by Request for Proposal. Mount Pleasant Waterworks will develop master agreements with professional services firms to include, but not limited to, architects, engineers, public accountants, landscapers, consulting services, maintenance providers, information technology consultants, legal consultants and janitorial services. These master agreements will be developed based upon strategic plans developed in conjunction with the operating and capital improvement budgets and will be effective for a term of one year and shall not exceed five years total. The firms included in

the master agreements will be reviewed annually during the term of the agreements as part of the budget preparation and approval process. Changes to the master agreements may be made annually based upon prior performance and changes in the strategic plan.

A master agreement will include general information on how the firm will work with Mount Pleasant Waterworks on any work that may be requested during the term of the agreement. A master agreement may include information, such as those shown below, or others that may be needed based upon the work projected to be performed under the master agreement.

- a. General scope of work
- b. Payment policies and procedures
- c. The firm's and Mount Pleasant Waterworks' responsibilities
- d. Incentives and liquidated damages
- e. Warranties
- f. Performance standards
- g. Insurance requirements
- h. Extensions and renewals
- i. Terminations
- j. Disputes, claims and appeals
- k. Interpretations
- l. Assignments
- m. Certificates, licenses and permits
- n. Quality control

Procedure for Selection of Firms to be given Master Agreements:

The Commission will solicit qualifications statements for professional services using advertisements in appropriate media, including, but not limited to, newspapers, trade journals, direct solicitations, internet and/or newsletters.

Staff will:

- a. Define the general scope of work that could be required during the contract period,
- b. Indicate the deadline for submission of qualifications statements, and
- c. Describe how interested firms may apply for consideration.

Interested firms shall be required to respond to the solicitation for qualification statement with submission of one or both of the following:

- d. Current and accurate Federal Standard Forms 254 (appendix B) and 255 (appendix C), and/or

- e. Such information as may be requested by and necessary for the Commission to determine the qualifications of the professional services firm.

Staff reviews the qualifications submittals using evaluation criteria suitable for the services being requested, including, but not limited to:

- f. Staff size, capabilities and qualifications,
- g. Experience and technical competence,
- h. Past performance on projects with respect to cost control, quality of work, and compliance with performance schedules,
- i. The firm's geographical location and knowledge of the project locality,
- j. Firm longevity and financial stability, and
- k. Any other special qualifications that may be required.

Staff may conduct interviews with submitting firms, as necessary.

Staff recommends those firms that should be given master agreements by area of expertise, i.e., water storage, water treatment, water distribution, wastewater collections, wastewater treatment, disposal, auditing, accounting, janitorial services, landscaping, information technology consultants, legal consultants, etc.

Master Agreements shall be submitted to the Finance Committee who will recommend approval by the Commission. Master Agreements will only be executed by the General Manager after final Commission approval is received.

#### Task Orders:

As individual projects, contractual needs or tasks are determined; firms to be used to complete task orders will be selected from those firms holding master agreements.

Task orders will include specific information, including, but not limited to, scope of work, task pricing information, payment schedule, and completion schedule, as well as changes to any necessary provisions within the master agreement as may arise based upon the task requested.

Task orders shall not exceed a \$5,000,000 cumulative total over a five-year period.

#### Procedure for Selection of Firms to be given Task Orders:

Staff shall conduct discussions with firms(s) holding master agreements regarding the task order and shall select the firm deemed most qualified to complete the required task. The selection shall be made based upon the criteria necessary for the particular task requested, as established by staff. If the task is a continuation or an additional phase of a development, which a firm previously performed, the Commission has the right to continue to use the services of the same firm without going through further selection procedures.

Staff shall estimate reasonable task fees and negotiate fees with the selected firm. If acceptable fees cannot be negotiated, staff will negotiate fees with the next most qualified firm with a current master agreement.

#### 4.1.6 Emergency Procurement:

- b. An emergency purchase may be authorized when there exists a threat to public health, welfare, or safety under urgent conditions, or where normal daily operations are affected. Competitive pricing is not required, but is encouraged given the circumstances.

No emergency purchases should be made without the knowledge of the Supervisor/Foreman.

- c. Contact the Inventory Technician for a purchase order number.

If the Inventory Technician cannot be contacted during working hours, the emergency purchase order number will be the “requisition number”. The Supervisor/Foreman will provide the emergency purchase order number or requisition number to the requestor.

For “after hours”, the emergency purchase order number will be the “department number – employee number”. All receipts should be turned in, with the employee’s signature and ID number to the Supervisor/Foreman the next business day.

- c. As soon as practical, a record of each emergency procurement should be made by the initiating department and should include the vendor’s name, a listing of the item(s) or service(s) procured, the total for the item(s) or service(s), and a written documentation of the basis for the emergency and for the selection of the particular vendor.

All purchase receipts must be approved by the Supervisor/Foreman and a purchase requisition processed within two (2) days of the date of transaction.

#### 4.1.7 Request for Qualifications (RFQ):

Prior to soliciting Proposals or Bids through RFP's or IFB's, a Request for Qualifications from prospective offerors may be issued. This request shall contain a minimum description of the services to be solicited by the RFP or IFB and must state the deadline for the submission of information and how prospective offerors may apply for consideration. The request must require information only on their qualifications, experience, and ability to perform the requirements of the contract. When requesting qualifications, pricing is not solicited. An "RFQ" is a questionnaire or inquiry into the supplier's ability to meet the minimum standards needed to successfully bid or propose on the project.

When the pre-qualification process is employed, only those contractors/suppliers who have been pre-qualified are entitled to submit a bid/proposal for the project.

If the RFP states that pre-qualification is a prerequisite for responsibility, proposals received from non-qualified offerors may be rejected without opening the bid/proposal.

If pre-qualification of contractors/suppliers is desired the following two-step bidding process should be used:

- 1) Send out a Request for Qualifications (RFQ) describing the services required in a statement of work (SOW), any other information and data required from each offeror, and state the relative importance of required qualifications.
- 2) After qualification, an invitation for bid/request for proposal is sent to at least the top two qualified contractors/suppliers in accordance with Section 4.1.3, as applicable. If required in the RFP, costs for the entire project are broken down by activities on the project schedule including engineering, construction, labor, equipment, materials, land, and administration.

#### 4.1.8 Purchasing from State Contracts or Cooperative Purchasing Entities:

A contract may be awarded for supplies, services, or equipment without using competitive bidding when purchased through established state or cooperative purchasing entity (Appendix D) contracts. All state and cooperative purchasing entity contract purchases must be fully documented with applicable contract numbers and approved by the Budget & Procurement Supervisor.

## SECTION 5 – CIP CONSTRUCTION PROCUREMENT

*CIP Construction includes the purchase of various goods and services as they relate to capital construction projects. Procurement of construction services may be required for various components of a capital project. The intent is to select firms that are most advantageous to the Commission.*

### CIP Projects Construction Requirements:

<u>Range of Value</u>	<u>Procurement Requirement</u>
≤ \$150,000	Negotiated based selection (see paragraph 5.1.1)
>\$150,000	Formal competition required (see paragraph 5.1.2 – Request for Proposals or 5.1.3 Invitation for Bids)

### CIP Construction Approval Requirements

Any amount, follow Appendix B (*Approval Limits by Position*)

#### *Change Orders:*

##### *If Budgeted Project Funds Available:*

< 10% of original contract amount up to a cumulative total of \$37,500 – PM approval required

> 10% but < 20% of original contract amount up to a cumulative total of \$125,000 – Engineering Department Manager approval required

> 20% of original contract or over a cumulative total of \$125,000 – General Manager approval required.

##### *If No Budgeted Project Funds Available:*

Any amount, refer to MPW Capital Budget Adjustment Policy B-15

### 5.1 Methods of Source Selection:

Because of the wide range of purchases that may be necessary for effective operation of the Commission, the following methods for CIP Constructions source selection have been identified:

- a. Negotiated Based Selection– (see Paragraph 5.1.1)
- c. Request For Proposal (RFP) – (see Paragraph 5.1.2)
- c. Invitation For Bid (IFB) – (see Paragraph 5.1.3)
- d. Sole Source Procurement – (see Paragraph 5.1.4)
- e. Emergency Purchases – (see Paragraph 5.1.5)
- f. Request For Qualifications – (see Paragraph 5.1.6)

### 5.1.1 Negotiated Based Selection:

Construction services with an estimated total value of less than or equal to \$150,000 may be secured on a negotiated basis, though competition is encouraged. A scope of work for construction services will generally consist of plans and specifications. A proposal from the construction service firm must be obtained identifying the scope and method of compensation. The scope and fees must be negotiated using similar work scope pricing and engineering estimates. Unit Price contracts are preferred. Procurement can be made with a contractor that is in the best interest of the Commission. Those items used for selection must be identified in the scope of work. Justification must be provided identifying the factors which establish why the selected construction services firm is in the best interest of the Commission.

### 5.1.2 Request for Proposals (RFP):

The following policies shall apply to solicitations for RFPs:

- a. Conditions for Use – The competitive, sealed proposal method may be used as a method of source selection for buying a majority of services in excess of \$150,000. This requires the requesting department to carefully develop a statement of work (SOW). Performance requirements define the quality of the service. In the SOW, describe how something is to be done and how it will be measured. The SOW should describe and require exact deliverables including when specific tasks are to be completed. In most service contracts, the supplier provides all necessary supplies and equipment. Proposals may be requested from prequalified offerors after issuance of Requests for Qualifications (RFQ's) pursuant to the terms contained herein.
- b. Public Notice - Adequate public notice of the RFP should be given in advance of proposal opening to permit potential proposers, including, all applicable businesses in the Town of Mount Pleasant, and all potential proposers who have been pre-qualified by the Commission, to prepare and submit their proposals in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission's web page and/or selected trade journals for a period not less than seven calendar days.
- c. Proposal Opening – Proposals shall be opened in the presence of one or more witnesses at the time and place designated in the RFP. A register of respondents shall be recorded and read aloud. Contents of proposals will not be disclosed during the evaluation process.

- d. Proposal Evaluation – A minimum of three members will review proposals based on criteria defined in the RFP and select the most advantageous proposal for the Commission based on scoring the criteria. Discussions may be conducted with responsive, responsible offerors who submitted proposals for the purpose of clarification. Further, all responsive, responsible offerors may be asked to submit best and final offers.
- e. Correction or Withdrawal of Proposals – Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussion and revision of proposals, and for submission of best and final offers. Modification or withdrawal of proposals is allowed any time prior to deadline for submission. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.
- f. Award - Award shall be made to the responsible and responsive offeror whose proposal is determined to be in the best interest of the Commission. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, offeror qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in proposals. In addition, it may reject any and all proposals on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of offerors;
- Errors or omissions in the RFP;
- Funding limitations;
- Changes in the intended project;
- Determination that the requirement is no longer needed; or
- Offeror's lack of required qualifications.

When the Commission receives only one acceptable proposal in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred offerors; and
- Contact suppliers not responding to find out their reasons for not submitting a proposal.

If it is decided that other competitors had an opportunity to submit proposals, then the Commission should evaluate the only proposal received. If the price is fair and reasonable and the offeror is responsive and responsible, the proposal may be awarded to the only offeror.

RFPs may also be used for procurement of construction when the use of competitive sealed bidding (IFB) is either not practicable or not advantageous to the Commission. A determination of such with supporting documentation must be made in writing and retained in the contract file for the procurement. The statement of work for construction will generally consist of plans and specifications prepared for the project. Additionally, the RFP must include evaluation factors and may provide any related weighting of factors that may be used to determine the proposal most advantageous to the Commission.

RFPs may also be used as a method to select design professionals. When a project is unique in nature, or may require special expertise or other instances where establishment of a master agreement or execution of a task order to an existing master agreement is not beneficial to the Commission, professional services may be selected by a traditional selection committee. Staff will establish such a committee who will:

- a) develop a description of the proposed project,
- b) enumerate all required professional services for that project,
- c) prepare and issue a formal solicitation to firms for submission of information,
- d) insure the RFP is properly advertised,
- e) receive and review SF 254's (appendix B) and 255's (appendix C) or other proposals,
- f) identify a minimum of three qualified firms for interviews,
- g) hold interviews with those firms,
- h) prepare written evaluations of the interviewed firms, and
- i) negotiate a fee with the most qualified firm.

In the event that an acceptable fee cannot be negotiated with the most qualified firm, the committee will then attempt to negotiate an acceptable fee with the next most qualified firms. This process may continue with interviewed firms until an acceptable fee has been negotiated. If no agreement is reached with one of the interviewed firms, additional firms may be interviewed or another method of procurement as allowed by this Purchasing Manual may be employed.

### Terms of Solicitations and Contract Requirements

In preparing a solicitation and subsequent contract standards for supplies or services, special terms and conditions should be included, but not limited to,

- Payment Procedures. Instructions or special conditions that apply to payments, used to motivate performance, tied to deliverables.
- Insurance. Requirements for supplier to carry specific insurance coverage such as worker's compensation, liability, fidelity bonding, errors and omissions, and property damage.
- Bonds. Requirements for supplier to provide performances and/or payment bond(s) to transfer risk of contractor default to a third party. Performance bonds guarantee that supplier will perform. Payment bonds guarantee that supplier will pay all of its suppliers and subcontractors.
- Inspection of Services. Spells out the buyer's rights and obligations. The buyer must inspect, but if the supplier has not performed adequately, then the supplier must correct or suffer cost reductions or both.
- Warranty of Services. Requires suppliers to guarantee that services conform to contract at time of inspection. Gives Commission the right to ask for re-performance or take cost reduction and accept nonconforming work.
- Contract Extension and Renewals: Explains process and responsibilities for extending or renewing contract.
- Copyright Infringement: Clause protecting the Commission against copyright infringement by the supplier. Similar to patent infringement clauses in supply and equipment contracts. Particularly appropriate in management/consulting types of contracts.
- Review and Analysis of Costs: Requirement for supplier to submit cost data if Commission plans to review and analyze costs. Cost might include personnel, travel, lodging, supplier furnished materials, etc.
- Certificates, Licenses and Permits: Requirements for the supplier to provide notarized copies of specified certificates, licenses and/or permits necessary for performance of the work.
- Quality Control: Requirements for the supplier to institute and maintain quality control programs to ensure services are provided in exact accordance with the contract. May include requirements for supervision, inspections, record keeping and responding to complaints.

### 5.1.3 Invitation For Bids (IFB):

The following shall apply to solicitations for IFBs:

- a. Conditions For Use – Competitive, sealed bids are the commonly used method for acquiring construction services. IFBs should be used when an estimated total value for procurement is over \$250,000 for CIP construction.
- b. Public Notice – Adequate public notice should be given in advance of the bid opening to permit potential bidders, including, all applicable businesses in the Town of Mount Pleasant and all potential bidders who have been pre-qualified or who hold master agreements with the Commission, to prepare and submit their bids in a timely manner. Public notice will include a local newspaper of general or statewide circulation, the Commission’s web page and/or selected trade journals for a period not less than seven calendar days.
- c. Bid Opening - Bids shall be opened publicly in the presence of one or more witnesses at the time and place designated in the IFB. The amount of each bid and the name of each bidder shall be recorded and open to public inspection after a final award is made.
- d. Bid Acceptance and Bid Evaluation – Bids shall be evaluated based on the requirements set forth in the IFB. No criteria may be used in the bid evaluation that is not set forth in the IFB. If the low bid is not acceptable, a written explanation as to why the low bid was rejected must be prepared and shall become part of the bid file.
- e. Correction or Withdrawal of Bids; Cancellation of Awards - Withdrawal of a bid or corrections to a bid may be permitted any time prior to the bid opening. After the bid opening, no changes in bid prices or any other provisions of the bid shall be permitted. A Contractor or Vendor may be allowed to withdraw its inadvertently erroneous bid after bid opening, solely at the discretion of the Commission.
- f. Award - The award shall be made to the responsible and responsive contractor or vendor with the lowest priced bid unless other criteria is identified in the Invitation for Bid or fully justified otherwise. Price, past performance, and other factors such as discounts, transportation costs, taxes, service availability, bidder qualifications including equipment, experience with similar projects, personnel, references, bonding capability and other considerations may be used in determining award.

The Commission may waive minor informalities or irregularities in bids, or it may reject any and all bids on a particular solicitation for a variety of reasons, including; but not limited to:

- Suspected or apparent collusion of bidders;
- Errors or omissions in the IFB;
- Funding limitations;
- Changes in the intended project; or
- Determination that the requirement is no longer needed.
- Bidder's lack of required qualifications.

When the Commission receives only one acceptable bid in response to a solicitation, the Commission should:

- Review the solicitation document, including specifications, to ensure it did not preclude competition;
- Review all steps in the process to make sure none deterred bidders; and
- Contact suppliers not responding to find out their reasons for not bidding.

If it is decided that other competitors had an opportunity to bid, then the Commission should evaluate the only bid received. If the price is fair and reasonable and the bidder is responsive and responsible, the bid may be awarded to the only bidder.

- g. Negotiations After Unsuccessful Competitive Sealed Bidding – When bids received pursuant to an invitation for bids are unreasonable, or are not independently reached in open competition, or the low bid exceeds available funds as certified by the appropriate fiscal officer, and it is determined in writing by the Chief Financial Officer, Director of Engineering, or General Manager that time or other circumstances will not permit the delay required to resolicit competitive sealed bids, the Commission may authorize negotiation of a contract provided that:
1. Each responsible bidder who submitted a bid under the original solicitation is notified of the determination and is given reasonable opportunity to negotiate;
  2. The negotiated price is lower than the lowest rejected bid by any responsive and responsible bidder under the original solicitation, and
  3. The negotiated price is the lowest negotiated price offered by any responsive and responsible bidder.

#### 5.1.4 Sole Source Procurement:

A sole source purchase is authorized when there is only one source available for the goods or services. For technical items or equipment that requires standardization and 40Sole source purchasing is not appropriate when a product is manufactured by only one company but is sold through many distributors.

The requesting department must submit a justification memo stating specific information as to why the procurement should be considered a sole source. The form will be submitted to the Budget & Procurement Supervisor for review and placed in the procurement file. In cases of reasonable doubt, competition should be solicited. Several circumstances can create the need for sole source procurement. Among these are, but not limited to:

- One-of-a-kind equipment, especially high technology or scientific;
- Utility services;
- Compatibility issues;
- Component parts;
- Trial use or test items.

#### 5.1.5 Emergency Procurement:

- c. An emergency purchase may be authorized when there exists a threat to public health, welfare, or safety under urgent conditions, or where normal daily operations are affected. Competitive pricing is not required, but is encouraged given the circumstances.

No emergency purchases should be made without the knowledge of the Supervisor/Foreman.

- b. Contact the Inventory Technician for a purchase order number.

If the Inventory Technician cannot be contacted during working hours, the emergency purchase order number will be the “requisition number”. The Supervisor/Foreman will provide the emergency purchase order number or requisition number to the requestor.

For “after hours”, the emergency purchase order number will be the “department number – employee number”. All receipts should be turned in, with the employee’s signature and ID number to the Supervisor/Foreman the next business day.

- c. As soon as practical, a record of each emergency procurement should be made by the initiating department and should include the vendor’s name, a listing of the item(s) or service(s) procured, the total for the item(s) or service(s), and a written documentation of the basis for the emergency and for the selection of the particular vendor.

All purchase receipts must be approved by the Supervisor/Foreman and a purchase requisition processed within two (2) days of the date of transaction.

#### 5.1.6 Request for Qualifications (RFQ):

Prior to soliciting Proposals or Bids through RFP's or IFB's, a Request for Qualifications from prospective offerors may be issued. This request shall contain a minimum description of the services to be solicited by the RFP or IFB and must state the deadline for the submission of information and how prospective offerors may apply for consideration. The request must require information only on their qualifications, experience, and ability to perform the requirements of the contract. When requesting qualifications, pricing is not solicited. An "RFQ" is a questionnaire or inquiry into the supplier's ability to meet the minimum standards needed to successfully bid or propose on the project.

When the pre-qualification process is employed, only those contractors/suppliers who have been pre-qualified are entitled to submit a bid/proposal for the project.

If the RFP states that pre-qualification is a prerequisite for responsibility, proposals received from non-qualified offerors may be rejected without opening the bid/proposal.

If pre-qualification of contractors/suppliers is desired the following two-step bidding process should be used:

- 1) Send out a Request for Qualifications (RFQ) describing the services required in a statement of work (SOW), any other information and data required from each offeror, and state the relative importance of required qualifications.
- 2) After qualification, an invitation for bid/request for proposal is sent to at least the top two qualified contractors/suppliers in accordance with Section 6.1.3 or 6.1.4, as applicable. If required in the RFP, costs for the entire project are broken down by activities on the project schedule including engineering, construction, labor, equipment, materials, land, and administration.

#### 5.1.7 Purchasing from State Contracts or Cooperative Purchasing Entities:

A contract may be awarded for supplies, services, or equipment without using competitive bidding when purchased through established state or cooperative purchasing entity (Appendix D) contracts. All state and cooperative purchasing entity contract purchases must be fully documented with applicable contract numbers and approved by the Budget & Procurement Supervisor.

## ***CHAPTER 3 – CONTRACT FORMATION***

### Types of Contracts:

Any type of contract, which will promote the best interests of the Commission, may be used. Multi-term contracts for supplies and services may be entered into for any period of time provided the terms of the contract and conditions for renewal and/or extension are included in the solicitation document and funds are available.

All capital improvement projects must have written contracts and shall be subject to approval by the General Manager, CFO, Department Manager, Commission Attorney (if applicable), and/or a designee. All bonds and certificates of insurance required by this Policy shall be subject to approval by the General Manager, CFO, Department Manager, Commission Attorney (if applicable), and/or a designee.

Where applicable, contracts shall contain provisions that will allow for administrative, contractual, or legal remedies in instances where Contractors violate or breach contract terms.

All contracts shall contain suitable provisions for termination and shall describe the conditions under which the contract may be terminated due to the Contractor's default, because of circumstances beyond the control of the Contractor and/or MPW or at MPW's discretion.

### Preparing the Service Contract:

The service contract includes the names of the parties, date of the contract, contract terms and conditions, statement of work (SOW) and signatures of both parties. Appropriate insurance, bonds, certificates, licenses, permits, etc. should be reviewed for compliance before signing the contract.

- a. The Commission should use firm fixed-price contracts whenever practical. Cost-plus-a-percentage contracts should not be used.
  - Use firm fixed-price contracts when the work, amount of work and price can be determined precisely. Example: custodial service.
  - Use indefinite delivery contracts when unit prices can be determined but the timing cannot. Example: mowing service
  - Use cost contracts when the work can be defined somewhat but unit prices cannot. Example: research and development.
  - Use time and materials or labor hour contracts when no other contract type is suitable. Be sure to include a ceiling. Example: vehicle and equipment maintenance.

- b. Revisions in requirements, delays or disputes may cause changes in a contract. All changes to a contract must be in writing. On contracts, the change order modifies a specific portion of the existing contract. Like the original contract, change orders are bilateral agreements and have the same legal requirements to be binding. Verbal agreements are not binding. The appropriate Department Manager must approve all change orders.
- c. Where applicable, contracts shall contain provisions to allow for administrative, contractual, or legal remedies in instances where Contractors violate or breach contract terms. The breach usually gives the purchaser the right to cancel the order or terminate the contract.
- d. All contracts shall describe the conditions under which the contract may be terminated because of the Contractor's default, because of circumstance beyond the control of the Contractor and/or MPW or at MPW's discretion. If the cancellation results in no real injury to the supplier and/or contractor, the supplier and/or contractor can collect no damages.
- e. Contracts shall not be negotiated with "hold harmless agreements" or other such wording that would obligate the Commission to assume the liabilities of another party. Instead, provisions shall be outlined in the contract requiring all Contractors to maintain appropriate General Liability, Automobile Liability, Employee's Liability and Workman's Compensation insurance to protect the Commission from such loss. A "Certificate of Insurance" will be required from all service providers to insure that they are adequately covered by insurance to protect the Commission's interest. Further, contracts will contain appropriate indemnification clauses whereby the Contractor indemnifies the Commission and its employees.

#### Preparing the Construction Contract:

Considerations in construction contracts typically include: price, terms of payment, subcontractors, acceptance, warranties, responsibility for licenses and permits, compliance with OSHA etc., time and penalties, bonds, insurance, change orders, delays, etc.

Construction contracting strategies to consider include:

- General Contractor: Contractor has total job responsibility. The Commission hires a general contractor for only the construction segment of the project.
- Construction Management: The Commission hires a Construction Manager to manage the entire project who performs surveillance over the General Contractor to ensure performance.

- Commission as Contractor: The Commission contracts directly for the various work elements and performs the functions of integrating and controlling that would otherwise be done by a Construction Manager or General Contractor. In this case the Commission would have multiple prime contractors.
- Sequential Design and Construction: The Commission completes the design before starting the construction process.
- Phased Design and Construction: The Commission or its Contractor begins construction while the design is in process. This is known as fast-track construction.

Specifications for the design of construction projects are usually performance based. The Project Manager provides the standards the completed project is expected to meet, i.e., operating and performance characteristics, cost, location and schedule requirements and incorporates these items into the contract.

Specifications for construction are usually technical specifications. The Project Manager spells out in detail the work to be done, the materials to be used, the schedule requirements, etc. and incorporates these items into the contract. The Commission uses drawings and blueprints to make the requirements more specific and understandable, if applicable.

In developing the solicitation, the Project Manager must address issues unique to construction such as unforeseen site conditions, changes in specifications and delays. The Commission's requirements affect construction projects and require a variety of permits, licenses and insurance. The Project Manager should be knowledgeable about these and designate responsibility (either buyer or contractor) for obtaining necessary permits, licenses and insurance including, but not limited to, Workman's Compensation, Liability Insurance, Local Business License and a State Contractor's License. Insurances required by state statute, such as Workman's Compensation, must be included in all MPW procurement contracts.

The Project Manager incorporates the Commission's standard terms and conditions into the construction solicitation documents. These might include:

- Revisions to Contract: Sets forth the right of the Commission to order changes in the work within the scope of the contract and changes in the timing of performance.

- Variations in Estimated Quantities: Used in contracts that contain estimated quantity items to stipulate how price adjustments, if any, will be handled if there is a difference between estimated and actual quantities.
- Suspension of Work: Gives the Commission the right to suspend, delay or interrupt work and stipulates responsibility for adjustments to cost and time for claims.
- Differing Site Conditions: Specifies responsibilities and actions of parties if actual site conditions are materially different from those in the contract or those ordinarily encountered.
- Price Adjustment: Identifies the method to be used for adjusting contract pricing.
- Termination for Default: Specifies right of Commission to cancel the contract for nonperformance or delay and sets forth remedies in such circumstances.
- Liquidated Damages: Provides for liquidated damages to be assessed against contractor for delay or nonperformance.
- Termination for Convenience: Gives Commission right to cancel the contract or part of the contract for convenience and stipulates compensation contractor will receive.
- Acceptance: Defines the method by which the Commission both partially and finally accepts the work.
- Substantial Completion: Defines the state in the progress of work or a defined portion of the work is sufficiently complete as required by the contract so that the Owner can occupy or utilize the work for its intended purpose. May require DEHEC permit to operate.
- Final Completion: Defines when all items on the punch list are complete including final restoration.
- Title to Work Ownership: Defines the timing of the title transfer including ownership of materials and equipment.
- Force Majeure: Protects the contractor from completion delays resulting from acts beyond its control (acts of God, hurricanes, riots, etc.)

## Design-Build and Construction Manager at Risk (CM at Risk)

### Design-Build

Under a Design-Build contract, the Commission will hire a single Prime Contractor to prepare detailed plans and specifications for the construction project and to construct the project. The Design-Build contract will be awarded either to 1) the responsive, responsible proposer that submits a proposal considered most advantageous to the Commission in response to a Request for Proposal (RFP) where price is a factor or to 2) the responsive, responsible contractor who is the low bidder in response to a subsequent Invitation for Bid (IFB) issued to pre-qualified contractors. The Design-Build contract will be a Firm Fixed Price contract. In addition to the Design-Builder contract, the Commission will contract with an Engineer selected to assist in developing bridging and other procurement documents.

### Construction Manager at Risk

Under a CM at Risk contract, the Commission will hire a Construction Manager or Contractor as the CM at Risk to perform both preconstruction services and to construct the project. The CM at Risk is selected under a Request for Proposal (RFP) where fee may be one factor. The Commission will contract with an Engineer to complete detailed plans and specifications for the construction project. The CM at Risk will perform services including, but not limited to 1) performing early constructability reviews, 2) developing price and schedule for the project using “open book costing” or other methods as determined by the Commission, and 3) contracting with all construction contractors.

### Procurement Methods for Design-Build and Construction Manager at Risk Contracts

RFP's may be used for procurement of construction when the use of competitive sealed bidding (Invitation for Bid – IFB) is either not practicable or not advantageous to the Commission. A determination of such with supporting documentation must be made in writing and retained in the contract file for the procurement.

Prior to soliciting Proposal or Bids through RFP's or IFB's, a Request for Qualifications from prospective offerors may be issued. This request shall contain a minimum description of the services to be solicited by the RFP or IFB and must state the deadline for the submission of information and how prospective offerors may apply for considerations. The request must require information only on their qualifications, experience, and ability to perform the requirements of the contract. After receipt of the responses to the RFQ from prospective offerors, rank of the prospective offerors must be determined in writing from most qualified to least qualified on the basis of the information provided. Proposals or Bids then must be solicited from at least the top two prospective offerors by means of a RFP or IFB.

The RFP must include evaluation factors and may provide any related weighting of those factors that will be used to determine the proposal most advantageous to the Commission. Price may, but need not be, an evaluation factor. Evaluation factors may include, but not be limited to, factors such as:

- (a) operational costs that the Commission would incur if the bid is accepted;
- (b) quality of the product or service, or its technical competency;
- (c) delivery and implementation schedules;
- (d) warranties, guarantees, and return policy;
- (e) contractor financial stability;
- (f) industry and program experience;
- (g) prior record of contractor performance;
- (h) contractor expertise with engagement of similar scope and complexity;
- (i) material selection and construction techniques considering initial price, life of product, and service and maintenance costs;
- (j) innovative use of current technologies and quality results;
- (k) proposed project team.

## Bonds

When requiring a bond, include the requirement as part of the solicitation and insure that MPW has received and approved the bond before award and issuance of the contract. Requirements for bonds should be assessed carefully. The requirement of bonds eliminates those contractors/suppliers with inadequate financial resources from competition.

The types of bonds the Project Manager should consider include:

- Bid Bonds: Protects the interest of the Commission in the event the bidder refuses to contract, fails to provide a performance/payment bond or as a device to make it difficult for financially irresponsible suppliers to bid. The Commission requires bid bonds of 5% for all contracts greater than \$50,000.
- Performance Bonds: Provides for responsibility by a third party for Contractor's faithful performance of all requirements. The Commission requires performance bonds of 100% for all contracts greater than \$50,000.
- Payment Bonds: Provides for responsibility by a third party for Contractor's payment to its subcontractors and suppliers. The Commission requires payment bonds of 100% for all contracts greater than \$50,000.

## Insurance:

Insurance requirements can add protection for the Commission. The types of insurance coverage that might be considered for each contractor includes:

- Worker's compensation = Statutory
- Occupational disease = \$ 500,000 per employee per accident
- Occupational disease= \$1,000,000 policy limit per accident
- Bodily injury liability = \$1,000,000
- Property damage liability = \$1,000,000
- Automotive liability = \$1,000,000
- Builder's risk = Value of contract
- Business interruption = \$1,000,000
- Professional liability = \$2,000,000
- Transportation all-risk = \$1,000,000
- Umbrella Policy= \$2,000,000

This is a minimum requirement. The Commission can require additional limits as deemed appropriate.

The Project Manager must decide which types of insurance to require. **It should stipulate that the Commission be named as an additional insured on the Contractor's policy and that the insurance company notifies the Commission directly of any changes or cancellation.** An agent licensed to do business in the State of South Carolina and acceptable to the Commission must provide both bonds and insurance.

Additionally, the Commission will not be responsible for builder's risk insurance.

## General Boilerplate Terms and Conditions used for Contract Formation:

General terms and conditions must be included in the bid/proposal document in order to insure responsibility by the supplier/contractor. Consider the following for inclusion in the solicitation document. Use those terms and conditions that are applicable to the proposed contract.

- a. All addenda to the bidding/proposal documents will be issued in writing. No oral statements, explanations or commitments by whomsoever shall be of any effect unless incorporated in the addenda.
- b. Renewal clauses must be stated as part of the original bid or proposal document.

- c. MPW reserves the right to contact bidders/proposers individually for the purpose of clarifying bids/proposals and/or request additional information.
- d. MPW is not liable for any cost incurred by the bidders/proposers in connection with the development and submittal of their bids or proposals.
- e. Any and all exceptions to the specifications included in the invitation for bids or request for proposals must be fully detailed and explained under “Exceptions” on the bid document. Should the bidder/proposer not indicate and explain all exceptions, the bid/proposal may be automatically disqualified. MPW reserves the right to accept any deviations from the specifications.
- f. The bidder/proposer terms must be stated on the bid document.
- g. In the event of a default of the bidder/proposer to supply according to the proposed delivery to Mount Pleasant Waterworks, MPW reserves the right to procure any piece of equipment, materials or services in default from other sources and hold the successful bidder/proposer responsible and liable for any difference in cost incurred including transportation charges.
- h. The contract period will begin upon notification in writing (Purchase Order or Notice to Proceed) to the successful bidder/proposer and will run for the period of proposed delivery and acceptance of the goods, materials or services by MPW.
- i. The bidder/proposer agrees to protect, defend, indemnify, and hold MPW, its officers, employees and agents free and harmless from and against any professional fees, claims, liabilities of every kind and character that are the result of negligence by the bidder/proposer or his agent and out of the realm and scope of the plans and/or specifications. The bidder/proposer further agrees to respond to, provide defense for and defend any and all such claims arising from the bidders’/proposer’s agents negligence at the bidders/proposers sole expense and agrees to bear all other costs and expenses related thereto.
- j. The award of a purchase order will be made to the lowest responsible bidder/proposer as soon as practical. A purchase order may be awarded to a responsible bidder/proposer other than the lowest bid in the interest of standardization or ultimate economy if the advantage of such standardization or ultimate economy is clearly evident. With proper documentation any purchase order may be awarded to a responsible bidder/proposer deemed in the best interest of MPW.
- k. In estimating the lowest total cost of ownership to Mount Pleasant Waterworks, MPW will consider the following in addition to bid/proposal prices; local vendor

preference, responsibility of bidder to have the capability to perform fully to all requirements of the contract, the experience, integrity, reliability, facilities, equipment and credit to ensure good faith performance; responsiveness of bidder who has submitted a bid/proposal that conforms in all respects to all the requirements stated in the IFB or RFP.

- l. MPW reserves the right to waive minor irregularities or minor errors in any bid/proposal.
- m. Bid/proposal prices will include all costs related to the supply, delivery and startup of the goods, materials, equipment or services including taxes, if any. The successful bidder/proposer will deliver the goods, materials, equipment or services to the location specified on the purchase order.
- n. Bid/proposal prices shall remain in effect for the life of the contract.
- o. Materials bid/proposed as new shall be new, not used, and subject to the inspection, tests and approval of MPW. The bidder/proposer shall guarantee the materials and workmanship against defect due to faulty materials or faulty workmanship or negligence for the stated period in the manufacturers' warranty, the contract documents and pursuant to state law.
- p. Item(s) shall be delivered to MPW, Monday through Friday, 8:30 a.m. to 4:00 p.m. excluding holidays, at the location specified on the Purchase Order and/or Bill of Laden.
- q. Successful bidder/proposer shall furnish with goods, materials and services, copies of manuals, MSDS sheets, or literature with technical and descriptive information and parts manuals, as may be available.
- r. Discussions or communications (written or oral) concerning the bid/proposal, the bidders/proposers, the bidder's/proposer's competitors or the award of the bid/proposal, with members of the Commission shall be deemed inappropriate and improper. Evidence of such communication shall be basis for disqualification of the effected party's bid/proposal. Questions should be directed to the Budget & Procurement Supervisor or his designee.

Special Terms and Conditions:

Relates to specific requirements for the supplier/contractor to be responsible and must be included in the bid/proposal documents.

### Contract Administration:

The Commission shall maintain a system of contract administration, which will assure Contractor conformance with terms, conditions, and specifications of the contract.

The Project Manager is responsible for the administration of construction contracts. Consider the following:

- Project Schedule: Developed by the contractor based on the Commission's requirements and included in the contract.
- Price Breakdown: Shows cost of different segments of work. Each segment corresponds to item in project schedule and references appropriate contractor or sub-contractor.

The Project Manager should work with the Contractor to determine the percentage completion on each segment of work. This percentage is the basis for calculating the amount invoiced and paid. The Project Manager can also use it to compare actual work against planned progress.

Major work changes can originate in the field or in design. These are handled by work change requests completed either by the field or design representative. The Project Manager then requests a price estimate from the construction contractor and, in consultation with field and design personnel, evaluates the quotation received. If approved by Department Manager, the Project Manager issues a formal change order to the contract.

Every contract modification resulting in an increase in excess of \$10,000, if funding is still available within the project for the current fiscal year, shall be subject to prior approval by the General Manager and Department Manager. When the changes are less than or equal to \$10,000, and funding is available within the current fiscal year for that project, the changes shall be subject to prior approval by the Department Manager. If the changes are less than or equal to \$5,000, and funding is available within the current fiscal year's project budget, the project manager shall approve the increase. When the changes to a contract require funding greater than the amount available within the current fiscal year budgeted amount, the increase shall be subject to prior approval by the Commissioners, General Manager, Department Manager and Chief Financial Officer.

Conditions that may exist include:

- a. Change Orders – All changes to a contract “must” be in writing. Verbal agreement cannot be used. The contract documents should contain a clause regarding change orders. This clause should identify the specific steps to follow and the approvals necessary when a change order is required. The appropriate Department Manager must approve all change orders.

- b. Price Adjustments – Typically, a price adjustment clause stipulates an effective period, the conditions under which the clause applies, the types of increases that the Commission will consider, the method used to determine a price increase, and the documentation and approvals required. Price adjustment clauses require the Contractor/Supplier to submit data supporting a request for a price increase.
- c. Discrepancies and Deficiencies – When there are discrepancies or deficiencies in the specifications and/or contract documents, it is the Contract Administrator whom may or may not approve such change orders. If the Contract Administrator and Contractor/Supplier cannot reach an agreement, the Contractor has the right to appeal.
- d. Default and Termination – If a contractor or supplier fails to adhere to the construction schedule or fails to deliver an order by the delivery date agreed on in the contract or to perform according to contractual provisions or breaches the agreement in some other fashion, legally the contractor or supplier has breached the contract and is in default. The breach usually gives the Commission the right to cancel the order or terminate the contract. Termination clauses should be a part of the contract so that in case of breach by either party there are ground rules to follow.
- e. Termination for Convenience – All contracts should include terms and conditions regarding a termination for convenience at the sole discretion of the Commission and should address procedures for the stoppage of work and contain terms regarding costs recoverable when a Termination for Convenience is executed.

## ***CHAPTER 4 – PURCHASE ORDERS***

### Requisitions for Purchase Orders:

The appropriate Department Manager establishes the individual dollar approval level (see appendix B) and the routing of requisitions for each employee in his Department. These levels are based on the acquisition of items contained in the approved adjusted budget. This document is kept and maintained in Accounting by the Budget & Procurement Supervisor.

Requisitions shall be submitted for all purchases; unless, a blanket purchase order exists or a contract is required. All items requested for purchase must have monies allocated for that budget.

Required information includes, but not limited to; suggested vendor, need by date, quantity, model number, item description, catalog number, unit price, and account code(s).

If the preferred vendor is not on the established vendor file maintained in Accounting, contact the Budget & Procurement Supervisor who will establish a vendor file for the suggested vendor. Vendor name, phone number and federal tax identification numbers are required information to set up a new vendor file.

When items are requested where Commission specifications have been established, they will be used to describe the items solicited. For example, the grade of pipe required, horsepower or RPM of motors, etc.

Upon receipt of a capital purchase requisition, the Budget & Procurement Supervisor shall ensure that the request is within budget. If a request is not within budget, the requisition will be routed back to the Department from which it originated until a budget adjustment can be made. The Department Manager, CFO and General Manager can make budget adjustments.

### Purchase Orders:

Purchase orders represent the most common form of contract entered into by the Commission, and shall be issued for budgeted supplies, services, and equipment. Purchase orders will be sent to each supplier either by mail, e-mail, facsimile, phone, internet or hand delivered by Commission personnel.

Purchase order receipts and/or packing slips shall be turned in by employees receiving the goods or services no later than the end of the next working day to the Inventory Technician. The employee signing and dating the receiving copy should note that the signature indicates that the goods or services have been received complete and in good working order as indicated on the purchase order. In addition to signature, the employee number should be included on all documents.

### Purchase Orders After the Fact:

On occasion, purchase orders may not follow typical channels or procedures. These purchase orders done “after the fact” may occur when exact supply needs are unknown or when a crew is in the field and has to obtain supplies and materials from a local vendor. In these instances, a purchase order number may be requested from an Inventory Technician, and the details of the purchase provided “after the fact”. The receipt/invoice must first be signed and approved by the appropriate individual(s) based on the approval limits in Appendix B. The employee number(s) should also be included with the signature(s). The details of the purchase must be provided to the Inventory Technician as soon as possible so that the purchase order can be completed.

### Blanket Purchase Orders:

Blanket purchase orders are for Engineering use only and must be approved by the Engineering Department Manager or the Chief Financial Officer. Each new fiscal year, and as dollar limits are depleted, a new blanket purchase order will be issued. Descriptions shall be specified on blanket purchase orders as to the type of item(s) being purchased. Employees using blanket purchase orders shall forward receipts to their department head for approval and then to Accounting for payment.

### Credit Card Purchases:

Credit cards may be used in lieu of purchase orders and must adhere to the approval limits in Appendix B. Examples include, but are not limited to; supplies, equipment, business meals, lodging reservations, seminar or short school registrations, flight reservations, and trips etc. The Commission has issued cards to named individuals and has setup shared cards by department. Please see appendix D ‘Shared Credit Card Program’ regarding the process of using shared credit cards. Use of shared credit cards must be pre-approved by the department head. Credit cards may be reserved for use when overnight trips are scheduled. Reservations can be made through Accounting and are recommended to ensure availability.

All named individuals will be responsible for the use of their issued credit cards. The named individual will be responsible for reviewing, approving and coding all credit card statements. The credit card statements are to be submitted to accounting with ALL receipts attached.

All shared cards require the employee to have the submitted transactions approved and coded by the employee’s direct supervisor. The approved and coded receipts are to be submitted to accounting with the returned credit card.

When receipts are not available provide written documentation to Accounting with the following information; 1) vendor and vendor number, 2) description of item or service purchased, 3) account code(s), 4) costs applied to card, 5) approval by the Employee's Direct Supervisor. This information is necessary to ensure invoices are accurate.

If a business meal is involved the employee is responsible for submitting a receipt to include the names of all person's participating and a business reason for the occasion.

The employee is RESPONSIBLE for the security of the card and for the purchases associated with its use. Failure to follow the above process may constitute disciplinary action, up to and including termination of employment.

- If the card is lost, please notify Accounting IMMEDIATELY and your supervisor.
- Personal purchases with the card are unauthorized and against Commission policy.

#### Travel Authorization:

A travel authorization must be obtained prior to any Commission travel. The travel authorization form must be filled out completely and approved by the appropriate Department Manager. If unbudgeted, approval must be obtained from the General Manager.

#### Capital Purchase Orders:

For CIP purchases, a capital contract must be signed prior to a purchase order request being generated.

#### Capital Outlay Purchases – requires coordination with the Budget & Procurement Supervisor:

Equipment or group purchases valued over \$5,000 that have a life expectancy of more than one year are purchased from a capital outlay budget. The Commission will carry the equipment and/or group purchases as fixed assets and depreciate them over time.

Capital equipment specifications must be precise and complete. Specifications should leave no doubt about installation and start-up responsibilities, performance requirements, test, inspection and acceptance methods, related post sale responsibilities and warranties. Specifications are not to be geared to just one manufacturer when competition is available.

Special terms and conditions for the purchase of capital equipment must be considered. The following should be included in specifications, as required.

- Acceptance Testing and Inspection Methods. Spells out the Commissions' rights and obligations; describes test and acceptance methods, required results, time and place of occurrence.

- Performance Standards. Requirements that equipment must meet to pass inspection and be accepted; often includes requirements that equipment must meet for a period of time after acceptance.
- Remedies for Failure to Perform. Describes Commissions' rights and suppliers' obligations if equipment fails to perform at acceptable level at any time covered by the contract.
- Guarantee or Warranty Requirements. Requires that manufacturer guarantees or warrants specified performance, parts, etc; stipulates when guarantee or warranty becomes effective after acceptance.
- Supplier Responsibility for Post Sale Service. Requirements that supplier must meet in addition to delivery of acceptable equipment; may include installation, start-up activities, training, support services, maintenance and replacement parts.
- Incentives and Liquidated Damages. Using an incentive could stimulate the manufacture of long lead-time equipment to improve delivery time; liquidated damages clauses help protect the Commission against delivery, quality and/or performance problems.

#### High Technology Products:

Most high technology acquisitions require a great deal of teamwork. All parties who will provide input to the final system, operate the system, use the output from the system and buy the system should be included. A major step in the process is defining the expected results. The Commission should consider both current and future needs.

In the procurement of software, clauses should be included to protect the Commission should the supplier go out of business. Further, the Commission should include provisions for receiving upgrades to the software issued after the purchase is complete. Purchasing or a designee completes the solicitation documents and follows the procedures for the competitive method of source selection used in the acquisition.

## **CHAPTER 5 - MISCELLANEOUS**

### Authority to Debar or Suspend:

The CFO or the General Manager after consultation with the Commission Attorney, shall have the authority to suspend a person, for cause, from consideration for award of contracts. The suspension shall not be for a period exceeding twelve months. The Commission, after consultation with the Commission Attorney, shall have the authority to debar a person from consideration for award of contracts if there is probable cause for debarment. The debarment shall not be for a period of more than three years. The authority to debar or suspend shall be exercised in accordance with these regulations.

### Causes for Debarment or Suspension:

Causes for debarment or suspension include, but not limited to, the following:

- a. Conviction of a criminal offense as an incident to obtaining or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.
- b. Conviction of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or any other offense indicating a lack of business integrity or business honesty which currently, seriously, and directly affects responsibility as a Commission Contractor.
- c. Conviction under State or Federal anti-trust statutes arising out of the submission of bids or proposals.
- d. Violation of Contract Provisions, including, but not limited to:
  - 1) Deliberate failure without good cause to perform in accordance with the specifications or within the time limit provided in the contract.
  - 2) A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of one or more contracts.
  - 3) Any other causes that the Commission determines to be so serious and compelling as to affect responsibility as a Commission Contractor, including but not limited to debarment by another governmental entity for cause.
  - 4) For violation of the ethical standards set forth in South Carolina State Ethics Act.

Decision:

The Commission, after providing a reasonable amount of time for the business, individual, union, committee, club, other organization, or group of individuals to be heard and after consulting with the Commission Attorney, shall issue a written decision within thirty days to debar or suspend.

The decision shall:

- a. State the reason for the action taken.
- b. Inform the debarred or suspended person involved of his/her rights to administrative review as provided in this Policy.

Notice of Decision:

A copy of the decision shall be mailed certified, return receipt requested or otherwise furnished immediately with a signed receipt from the debarred or suspended person and any other party intervening showing that a written copy of the decision has been received.

Protests:

Unsuccessful respondents have the right to appeal a solicitation or contract award. The unsuccessful respondent must exercise this right to appeal, in writing, to the CFO within ten days after issuance of the RFP, RFQ, IFB or notification of intent to award.

The General Manager and Department Manager whose department solicited the bid/proposal receives and reviews the protest. The General Manager will review the protest with the Department Manager. Solely at his discretion, the General Manager may schedule an informal hearing to obtain more information. Interested respondents; representatives of the Commission, Commission's legal counsel and the protesting respondent may be requested to attend. After reviewing all relevant information, the General Manager is authorized to settle and resolve a controversy by mutual agreement with the protestor. If no mutual agreement is reached, the General Manager renders a written decision. A copy of the decision shall be mailed via certified mail, return receipt to all parties involved. At no time during this process must award of the contract be stayed unless such award is determined fraudulent at that time.

### Remedies:

If a solicitation or award is in violation of law or this Purchasing Manual, the following remedies are available:

- c. Remedies Prior to Award: If, prior to award of a contract, it is determined that a solicitation or proposed award of a contract is in violation of law or this Purchasing Manual, then the solicitation or proposed award may be:
  - i. Canceled;
  - ii. Revised to comply with the law and rebid; or
  - iii. Awarded in a manner that complies with the law or this Purchasing Manual.
- d. Remedies After Award: If, after the award of a contract, it is determined that the solicitation or award is in violation of the law or this Purchasing Manual:
  - i. The contract may be ratified and affirmed, provided it is in the best interest of the District; or
  - ii. The contract may be terminated and the payment of any damages to the Contractor awarded the contract, as may be provided in the contract, may be awarded.
- e. Monetary Remedy: When a protest is sustained and it is determined that the protesting bidder or offeror should have been awarded the contract under the solicitation but is not, then the protesting bidder or offeror may be awarded reimbursement of reasonable bid preparation costs, if properly documented. This is the sole monetary remedy allowed.

### Finality of Decision:

A decision under this policy shall be final and conclusive, unless fraudulent, or the debarred or suspended person appeals administratively within ten days of receipt of the decision to the Commission in accordance with the policy.

### Authority to Resolve Contract and Breach of Contract Controversies:

#### Applicability:

This section applies to controversies between the Commission and a Contractor that may arise under or by virtue of a contract between them. This includes, without limitation, controversies based upon breach of contract, mistake, misrepresentation, or other cause for contract modification or recession. Should the contract define a process for issuance of an Architect's or Engineer's decision, this section applies to an appeal of that decision, solely at the discretion of MPW, prior to appeal to the Commission which is a prerequisite to institution of formal proceeding in the Court of Common Pleas for Charleston County, S.C.

Authority:

The General Manager and/or Department Managers are authorized to settle and resolve a controversy described in this Policy.

Decision:

If such a controversy is not resolved by mutual agreement, the General Manager and/or Department Manager shall promptly issue a decision in writing within thirty days.

The decision shall:

- a. State the reason for the action taken.
- b. Inform the contractor of his/her right to administrative review as provided in this Policy.

Notice of Decision:

A copy of the decision under this Policy shall be sent by certified mailed or otherwise furnished immediately to the Contractor.

Finality of Decision:

The decision of the General Manager and/or Department Manager shall be final and conclusive or the Contractor appeals administratively to the Commission in accordance with this Policy.

Appeals Procedures:

Rules of Procedures:

The Commission and the Commission Attorney shall have the authority to act as the Appeals Board and shall adopt rules of procedure, which to the fullest extent possible, will provide for the expeditious resolution of controversies.

Time Limit for Filing Appeals:

For an appeal of protested solicitations and awards, the aggrieved person shall file a written appeal with the Appeals Board within ten days of receipt of a decision. For an appeal of a decision of debarment, suspension, contract and breach of contract controversies, the aggrieved person shall file his/her written appeal with the Board within thirty days of the receipt of decision.

Upon receipt of an appeal from an aggrieved party, the Chairman shall convene the Appeals Board within ten business days to conduct an administrative review of the appeal. The Board, within ten business days of hearing the appeal shall affirm, alter, or deny the decisions rendered by the General Manager and/or Department Manager and shall issue a written decision of such. The Board shall promptly decide whether the:

- a. Solicitation or award being appealed was in accordance with the terms and conditions of the solicitation and the MPW Purchasing Manual.
- b. Debarment or suspension controversy being appealed was proper and in the best interest of the Commission.
- c. Contract and breach of contract controversy being appealed was proper in accordance with the terms of the contract and in the best interest of the Commission.

Decision of the Appeals Board Shall Be Final Unless:

- a. It can be shown to be in violation of State or Federal law.
- b. The decision is appealed to the Court of Common Pleas in the Court of Charleston County.

Exemptions:

The following supplies, services and construction need not be procured through Purchasing, but shall nevertheless be procured by the appropriate department subject to the requirements of this Policy:

- a. Published books, maps, periodicals and technical pamphlets
- b. Postage stamps and postal fees.
- c. Professional services.
- d. Construction Services for Capital Improvement Projects.

## Supply Management Regulations:

### Disposition of Surplus Supplies & Equipment:

Supplies and equipment in serviceable condition shall be maintained for reissue to other departments. Items may be transferred for storage, or may be maintained at the original location until reissued. Items having additional useful life but requiring refurbishment prior to reissue shall, where feasible, be repaired, rebuilt, and reissued.

Department Heads shall provide Procurement with information regarding materials or equipment that have a disposal or scrap value that will be available for disposal as a result of the next acquisition. Information should include such things as age, condition, initial cost, model number, size, weight, and other specific identifying information. Purchasing will provide such information to all vendors and or interested persons before disposal.

- a. Supplies and equipment having no further foreseeable use to the Commission shall be offered for sale by public auction or competitive bidding.
- b. Surplus supplies and equipment may be traded in when it is determined that the trade-in value is expected to exceed the value estimated to be obtained through the sale of supplies and equipment, less administrative expenses incurred during a sale.
- c. Adequate public notice of all sales of surplus supplies and equipment shall be given prior to the date established for the sale. Such notice will include publication in a newspaper of local circulation.
  - aa. Public Auction: A public auction may be used when a sizeable accumulation of desirable surplus is available. A licensed auctioneer or designee appointed by the Commission shall cry the sale. The solicitation to bidders shall stipulate all terms and conditions, deposits required, and the disposition of supplies after the sale. The Commission reserves the right to reject any and all bids.
  - bb. Competitive, Sealed Bidding: Competitive, sealed bidding may be used when potential buyers are widely distributed and the quality, type and/or location of the surplus supply will not encourage attendance at an auction. All surplus supply bidding shall be awarded to the highest responsible, responsive bidder.
  - cc. On-line Public Auction: An on-line public auction such as govdeals.com or another suitable online public auction may be used for the disposition of surplus supplies and equipment.
- d. After two unsuccessful attempts to dispose of an asset, it may be disposed of or donated as deemed appropriate. If donated, proper documentation must be obtained and submitted to the Budget & Procurement Supervisor.

Local Vendor Preference:

It is the intent of the Commission, when determined to be most advantageous, to purchase goods and services from businesses located within the service area of Mount Pleasant Waterworks. In an effort to support this initiative, Mount Pleasant Waterworks will provide a discount percentage of 5%, 2%, or 1% to the bid or proposal from a qualified local vendor.

When a local vendor responds to a solicitation for bid or proposal, Mount Pleasant Waterworks will evaluate the bids or proposals and apply a discount percentage based on the following:

<u>Total cost of goods or services</u>	<u>Discount Percentage</u>
\$0 to \$10,000	5%
\$10,001 to \$50,000	2%
\$50,001 and Up	1%

The local preference stated herein shall not apply if all potential vendors are local, eligible, businesses.

Nothing within the section for local vendor preference shall be construed as increasing or decreasing the actual price of any business offer. **The actual prices that will be paid shall be the same as those proposed.** The variable percentage calculations are used only for award determination.

Solicitation of Small and Disadvantaged Businesses:

Purchasing shall maintain a list of small and disadvantaged businesses and shall solicit those firms for solicitations for which they are qualified.

Cooperative Purchasing:

The Commission may participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of supplies or services, leasing of warehousing facilities, capital equipment, or other facilities with any public procurement unit under terms agreed upon between both parties, independent of requirements regarding source selection, contract formation and supply management under this Policy. Only those cooperative purchasing entities listed under Appendix D may be used. This list will continue to be reviewed on an ongoing basis to ensure that the entities listed maintain a level of procurement integrity desired by the Commission. The list will be amended as deemed appropriate by the Budget & Procurement Supervisor, CFO, and General Manager.

Changing Existing Purchasing Procedures:

At least once a year this Policy shall be reviewed and where deemed appropriate, revised to reflect changes in the Commission's operation, to provide clarity and/or delete information that is no longer policy.

Establishing New Purchasing Procedures:

Any changes to procurement policies and procedures must be reviewed and approved by the Commissioners.

Use of Grant or Other Program Funds:

When a purchase involves the use of grant funds (county, state, and/or federal government) the rules and guidelines of that grant apply and become part of the procurement procedures. These rules and guidelines must be adhered to in order to maintain compliance with the specific grant program. When utilizing grant funding for a purchase, please refer to the supplemental information provided by the grant to ensure all requirements are met.

# APPENDICES

# Appendix A



## MOUNT PLEASANT WATERWORKS

### Request for Quote (RFQT) Form

RFQT PRICING WORKSHEET FOR GOODS AND SERVICES > \$1,000 BUT < \$25,000 for O&M  
 RFQT PRICING WORKSHEET FOR GOODS AND SERVICES < \$25,000 for CAPITAL OUTLAY  
 RFQT PRICING WORKSHEET FOR GOODS AND SERVICES \$5,001 - \$25,000 for CAPITAL MAINTENANCE PROJECTS

Date:		Dept.:		Project:	
-------	--	--------	--	----------	--

VENDOR #1:	
VENDOR #2:	
VENDOR #3:	

ITEM	Description	QTY	VENDOR #1		VENDOR #2		VENDOR #3	
			Cost	Total	Cost	Total	Cost	Total
1				\$ -		\$ -		\$ -
2				\$ -		\$ -		\$ -
3				\$ -		\$ -		\$ -
4				\$ -		\$ -		\$ -
Add lines above ↑								
		Subtotal		\$ -		\$ -		\$ -
		Taxes		\$ -		\$ -		\$ -
		Shipping						
		<b>Total</b>		\$ -		\$ -		\$ -
Local Vendor Preference		Discount %		\$ -		\$ -		\$ -
<i>If Applicable</i>		<b>Adjusted Total</b>		\$ -		\$ -		\$ -

To Be Delivered:	Delivery Date:	<input type="text"/>	<input type="text" value="Account No. to be Charged:"/>
Yes    No	Pickup Date:	<input type="text"/>	<input type="text"/>
<input type="text"/>			Capitalize    Yes    No <input type="text"/> <input type="text"/> <input type="text"/>

COMMENTS:

Placed Order With: \_\_\_\_\_

Mark Appropriate Box:

Vendor #1	Vendor #2	Vendor #3
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Reason Order Placed: \_\_\_\_\_

Mark Appropriate Box:

Price	Quality	Delivery	Service	Design
<input type="checkbox"/>				

Requested By: \_\_\_\_\_

I certify that the prices quoted above are correct and from the specified vendors:

Print Name: \_\_\_\_\_ Signature: \_\_\_\_\_

Title: \_\_\_\_\_

## Appendix B

### Approval Limits by Department

The following reflects the current purchasing and contract approval limits for Capital, O&M, and contracts and leases by department, by position. These amounts are based upon the acquisition being within the adopted, adjusted budget amounts for the capital project or O&M line item to which the requested purchase will be charged. In addition, none of these amounts supersede amounts reflected in the other parts of the Purchasing Policy, which indicate certain approving authorities based upon the type and/or cost of the acquisition being made.

#### Capital

**General Manager and Chief Financial Officer** Over \$500,000

**Capital Projects:**

General Manager	\$500,000
Chief Financial Officer	\$300,000
Engineering Department Manager	\$300,000
Capital Program Department Head	\$200,000
Budget & Procurement Supervisor	\$200,000
Project Manager	\$100,000

#### (O&M)

**General Manager and Chief Financial Officer** Over \$250,000

**Administrative Department:**

General Manager	\$250,000
Communications Manager	\$25,000
Communications Specialist	\$1,500

**Human Resources Department:**

Human Resources Manager	\$25,000
Benefits & Payroll Administrator	\$1,500

**Customer Services Department:**

Customer Services Manager	\$25,000
Customer Services Process & Data Supervisor	\$1,500
Account Management Supervisor	\$1,500
Billing Coordinator	\$1,000
Smart Meters Foreman	\$1,500
Meter Solutions Supervisor	\$5,000

## Appendix B

### Approval Limits by Department

#### Engineering Department:

Engineering Department Manager	\$75,000
Capital Program Administrator	\$2,500
Engineer/Project Manager	\$10,000
Development Program Department Head	\$25,000
Capital Program Department Head	\$25,000
Asset Management Department Head	\$25,000
GIS Analyst	\$1,500

#### Financial Services Department:

Chief Financial Officer	\$100,000
Accounting Supervisor	\$5,000
Budget & Procurement Supervisor	\$75,000
Inventory Technician	\$500
<i>*Does not apply to warehouse inventory purchases.</i>	
Accountant	\$1,000
Business Data Analyst	\$1,500

#### Technical Services Department:

Technical Services Manager	\$25,000
Safety Director	\$1,500
Maintenance Coordinator	\$500
Dispatch Foreman	\$1,500
Programmer/Analyst	\$1,500
Asset & Emergency Management Specialist	\$5,000
CMMS (Asset Management) Supervisor	\$2,000
IT Supervisor	\$2,000

#### Operations Department:

Operations Department Manager	\$75,000
Water Plant Operations Foreman	\$5,000
Wastewater Operations Supervisor	\$25,000
Wastewater Plant Operations Foreman	\$5,000
Laboratory Director	\$15,000

## Appendix B

### Approval Limits by Department

#### Field Services Department:

Field Services Department Manager	\$75,000
Water Distribution Supervisor	\$15,000
Water Quality Foreman	\$1,500
Water Distribution Foreman	\$1,500
Service Line Care Foreman	\$1,500
Site Restoration Foreman	\$2,500
Wastewater Collection Department Head	\$25,000
Wastewater Collections Supervisor	\$20,000
Fleet & Shop Foreman	\$1,500
I&I Foreman	\$1,500
Lines Foreman	\$1,500
Pumps Supervisor	\$15,000
Pumps Foreman	\$1,500
Instrumentation & Electrical Dept. Head	\$25,000
Electrical Foreman	\$1,500
SCADA Foreman	\$1,500
SCADA Electrical Supervisor	\$15,000

### O&M Contracts and Leases

Authority to contract and lease O&M supplies, equipment, and services will be as follows:

**General Manager and Chief Financial Officer** Over \$250,000

#### By Position:

General Manager	\$250,000
Chief Financial Officer	\$100,000
Budget & Procurement Supervisor	\$75,000
Communications Manager	\$25,000
Human Resources Manager	\$25,000
Customer Services Manager	\$25,000
Engineering Manager	\$75,000
Technical Services Manager	\$25,000
Operations Manager	\$75,000
Field Services Manager	\$75,000

*\*All leases must be reviewed and approved by the Budget & Procurement Supervisor.*

# Appendix C

## Mount Pleasant Waterworks SHARED CREDIT CARD PROGRAM

### OBJECTIVE

The object of this process and procedure is to ensure efficient and effective control and accountability of the Commission's shared credit cards.

### SHARED CREDIT CARDS

The following departments have been assigned specific shared credit card(s):

<u>Division</u>	<u># Cards</u>	<u>Dept</u>	<u>Approval</u>
OPERATIONS	3	800s	Allan Clum
FIELD SERVICES	3	900s	Ross Wattay
ENGINEERING	1	400s	David Niesse
FINANCE	1	500s	Mark Coffin
TECHNICAL SVCS.	2	700s	Brian Head

The following departments will share (1) card:

<u>Division</u>	<u>Depts.</u>	<u>Approval</u>
ADMIN	100-115	Clay Duffie
HR	120	Christi Fowler

**TRAVEL CARDS** - Accounting has established (5) non-assigned credit cards to be used for overnight travel. However, they are limited (only 5 cards) and planning is highly recommended.

### PROCESS

#### Obtaining the Card:

Employees, with their supervisor's approval, may retrieve a shared credit card (that is assigned to their department) from Accounting. The employee will sign the log form before receiving the card. The card is not to be given to another employee without being checked back into Accounting.

**SHARED:** Means that the card is shared within the department and not shared with other departments. For example, MIS will not have access to the card that is specifically assigned to the Financial Services Department.

**CARD AVAILABILITY:** On occasion, a card may not be available. Employees at locations other than the main office should call to ensure a card is available and to reserve it. If a card is not available, employees may request the Accounting Department to notify them when a card becomes available.

#### Returning the Card:

The employee who checked out the card will return the card and the approved receipt(s) to Accounting. The return and the transaction will be recorded in the card's specific log and folder.

- 1) All receipt(s) must be initialed/approved by the respective department manager (as noted in the chart above). Account coding and PO numbers (if applicable) must be notated on the receipt(s).
- 2) If a receipt is lost, contact Accounting for a *Lost Receipt Form*. The *Form* is to be completed and signed by the individual responsible for approving the receipt(s).

#### Employee Responsibility:

The employee is **RESPONSIBLE** for the security of the card and for the purchases associated with its use. Failure to follow the above process may constitute disciplinary action, up to and including termination of employment.

- If the card is lost, please notify Accounting **IMMEDIATELY** and your supervisor.
- Personal purchases with the card are unauthorized and against Commission policy.

## **Appendix D**

### **Approved Cooperative Purchasing Entities**

The following cooperative purchasing entities are hereby approved by the Commission for use in procuring supplies, equipment and services as per the language contained in Chapter 5 – Miscellaneous of the MPW Purchasing Policy.

- Sourcewell (formerly NJPA – National Joint Powers Alliance)
- NCPA – National Cooperative Purchasing Alliance
- U.S. Communities Government Purchasing Alliance
- GSA – General Services Administration
- NIGP – National Institute of Government Purchasing
- NCSA – North Carolina Sheriffs’ Association