

Chapter 66

PURCHASING POLICY

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[History: Adopted by the Mayor and Commissioners of the Town of Perryville 5-7-13 as Ord. No. 2013-1, adding new Chapter 66, sections 66-1 thru 66-11 to the Code of Perryville. Repealing and reenacting with amendments Section 66-2.B. on 7-7-15 Ord. No. 2015-09]

§ 66-1. Purpose. The purpose of this Chapter is to ensure that sound business judgment is used in all Town procurement transactions and that the Town obtains supplies, equipment, construction, and services efficiently and economically.

§ 66-2. Definitions. The following definitions apply to this Chapter unless the context requires a different meaning:

A. “Bid most advantageous to the Town” means a bid chosen on the basis of price, quality of merchandise, suitability of merchandise and the service reputation of the vendor, and therefore may not necessarily mean the lowest bid received.

B. “Capital expenditures” means expenditures or assets with initial cost of more than \$5,000 for a single item, or \$10,000 for like items purchased as a group, and an estimated useful life in excess of one year.

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C. “Competitive bidding” means the process of obtaining the bid most advantageous to the Town for any purchase, whether through formal or informal bidding procedures.

D. “Cooperative purchase” means a purchase opportunity that relies upon a federal, state, county, or municipal contract, or a procurement opportunity through a government cooperate purchasing arrangement, that is established by a competitive process.

E. “Emergency purchase” means an expenditure for goods or services that is due to a sudden and unanticipated event or occurrence.

F. “Formal bid” means a written quotation obtained by advertisement.

G. “Informal bid” means a written or oral quotation obtained from a vendor where the purchase is not required to be to be solicited by advertisement.

H. “Local bidder” means a business that maintains a place of business within the corporate limits of the Town of Perryville, or a business located within the greater Perryville area which is a member in good standing of the Greater Perryville Chamber of Commerce.

I. “Purchase order” means a document that authorizes a purchase transaction.

J. “Request for purchase order form” means a document provided to the Town Finance Department to request the procurement of goods or services.

K. “Supplies” means items such as paper, pens, screws, light bulbs, etc., that are used on a regular basis by the Town.

§ 66-3. Applicability. This Chapter applies to all purchases made by departments and agencies of the Town, except as otherwise specified in this Chapter.

§ 66-4. Purchase requisition procedure. As part of the Town’s internal financial controls, the Finance Department maintains the following purchase requisition procedure:

A. A Request for Purchase Order form must be submitted to the Finance Department for the procurement of any goods or services. The Request for Purchase Order form must be originated and approved by the department or agency that is requesting the procurement of the goods or services.

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B. After the Finance Director approves a Purchase Order for a purchase of up to \$5,000 the Purchase Order shall be signed by Finance Director, or by the Administration Supervisor in the Finance Director's absence.

C. The Town Administrator shall sign all Purchase Orders for purchases of \$5,000 or more, except that Purchase Orders of \$5,000 or more for recurring utility or contractual (including debt service payments) expenses may be signed by Finance Director, or by the Administration Supervisor in the Finance Director's absence.

D. For emergency purchases, the Finance Department must be notified and the purchasing requisition process must be followed as soon as possible after the expenditure.

§ 66-5. Competitive bidding.

A. Except as provided in subsection B. of this Section, the Town shall seek competitive bids for purchases as follows:

(1) For goods with a total value between \$5,000 and \$25,000, seek three informal bids from suppliers.

(2) For services with a total value between \$10,000 and \$25,000, seek three (3) informal bids from suppliers.

(3) For goods or services with a total value greater than \$25,000, seek formal bids from suppliers.

B. The following purchases are exempt from the requirements of subsection A.:

(1) Purchases of supplies or services available only through one source.

(2) Contracts for professional services such as those of attorneys, physicians, architects, engineers, accountants, consultants, and other possessing a similar high degree of technical skill and expertise, provided that to the extent appropriate for the particular service to be provided, an attempt is made to secure competitive proposals for these services.

(3) Emergency purchases.

(4) Purchases based on federal, state, county, or municipal contracts, or procurement opportunities thru government cooperative purchasing arrangements, that are established by a competitive process.

- (5) The acquisition of real property.
- (6) The purchase of insurance through an insurance broker.

§ 66-6. Capital expenditures. All capital expenditures must be approved by the Mayor and Commissioners before a Request for Purchase Order may be submitted and processed. Authorization for the capital expenditure during the annual budget process or through a budget amendment constitutes approval for the expenditure by the Mayor and Commissioners.

§ 66-7. Local bidder preference. In determining whether a bid submitted by a local bidder is the bid most advantageous to the Town, the Town shall award the bid to the local bidder if, all other factors being equal, the local bidder's price is not more than 6% higher than the price submitted by a non-local bidder.

§ 66-8. Use of Town credit cards.

A. A Town credit card may be used only by an official or employee who has been authorized to use that card.

B. An authorized person may not use a Town credit card, except for a gas credit card, for a purchase except in accordance with the purchase requisition procedure set forth in § 66-4.

C. An authorized person may use a Town gas credit card for the purchase of gasoline for a Town vehicle without prior approval, using the pin number that has been assigned to that person by the Finance Department. Any person who purchases gasoline using a Town gas credit card shall promptly provide the purchase receipt to the Finance Department.

§ 66-9. Purchase of supplies. Department heads should make all practicable efforts to order supplies on a monthly basis.

§ 66-10. Execution of written contracts. Written contracts for the purchase of goods or services shall be executed by the Mayor or Town personnel designated by the Mayor.

§ 66-11. Compliance with other laws. All purchases by the Town shall comply with any State and federal laws applicable to municipal procurements.