



CITY OF DAHLONEGA PURCHASING POLICY

POLICY OVERVIEW

The purpose of this policy is to provide guidance and direction regarding the procurement of supplies, materials, equipment and contractual services needed by the City of Dahlonega and its operating departments to perform their public functions. Officials and employees of the City are expected to ensure that public funds are expended solely for the purpose for which they are intended and in the most economical and prudent manner.

A reference in this document to “employee” includes those employed by the City as well as officials, both elected and appointed, and any others representing the City of Dahlonega in an official capacity.

ETHICS

The City of Dahlonega is committed to maintaining high standards for procurement based on fair, ethical, and professional business practices. Each person involved in the procurement process must adhere to a high standard of ethics and seek to avoid even the appearance or perception of impropriety. All employees are expected to conduct themselves according to the highest level of standards. Unethical actions by employees or vendors will not be tolerated.

No employee shall derive any known past, present, or future personal benefit, either directly or indirectly, from the expenditure of public funds.

It is unethical for any city employee, contractor, or service provider to transact any business or participate directly or indirectly in a procurement transaction when they know that the employee or any member of the employee’s immediate family has a substantial interest or financial interest pertaining to the transaction.

No employee of the City shall make, participate in, or attempt to influence any decision if the employee knows or has reason to know that he/she has a financial interest in the outcome of that decision.

It is unethical for any City employee to knowingly use confidential information for actual or anticipated personal gain, or for the actual or anticipated personal gain of any other person.

City employees shall not use City credit, purchasing power, or facilities to make purchases of goods or services for themselves or for non-City activities.

City employees shall refrain from accepting gifts, entertainment, favors or services from present or potential suppliers to the City that might influence, or appear to influence, purchasing decisions. Employees may accept for themselves and members of their family items of minimal value as a matter of common courtesy usually associated with customary business practices, but may not solicit them. It is never permissible for an employee to accept a gift in cash or cash equivalent of any amount.

Vendors shall not attempt to influence any employee to violate the standards of this policy. Discovery of such attempt will cause the vendor to be ineligible from doing business with the City, and any existing contract will be considered void.

No bidder shall engage in collusive or anti-competitive practices in responding to a solicitation for quotes, bids, or proposals.

All employees are charged with the responsibility to report known or suspected violations of this policy. Any employee not complying with this policy, or failing to report non-compliance, may be subject to disciplinary action in accordance with the City of Dahlonega personnel policy.

RESPONSIBILITIES

This section of the policy provides specific descriptions of the responsibilities of each participant in the procurement process,

In carrying out their purchasing responsibilities, City employees shall:

- Know and observe fair, ethical, and legal trade practices and remain alert to the legal ramifications of purchasing decisions.
- Encourage competition through open, equitable and fair practices.
- Conduct business with potential and current vendors openly, fairly, equitably, and in an atmosphere of good faith.
- Avoid restrictive specifications.
- Avoid the intent and appearance of unethical or compromising practices.
- Promote positive vendor relationships through courtesy and impartiality in all phases of the purchasing cycle.
- Plan for purchases to reduce the number of small orders and emergency purchases.
- Combine purchases when possible to reduce paperwork.
- Inspect purchases to determine that goods delivered meet the specifications established.
- Recognize that purchasing activities are of public interest and a matter of public record and conduct these duties so that all actions can be fully documented in accordance with this policy.

The purchasing policy is adopted by the Mayor and City Council and provides directions, guidelines, and controls over the purchasing function. The day-to-day procedures that comply with the overall policy authorized by the Mayor and City Council are the responsibility of the City Manager and Department Directors. The Finance Department is responsible for providing administrative support for the purchasing function.

The City Manager has broad oversight of purchases and is responsible for assuring all purchases comply with the requirements of this policy.

The Finance Department is responsible for developing, maintaining, and administering the policies, procedures and necessary forms for the City's purchasing functions. These measures are put in place to control costs, insure legal compliance, promote wise use of government resources, adhere to accounting and audit requirements, and maintain the integrity of the City of Dahlonga.

The user department is responsible for determining the need for the goods or services, determining the specifications or scope of work, and for providing appropriate documentation and justification. Each department director is responsible for insuring that their budget contains sufficient approved funds in the proper line item for each purchase and effect savings when possible. It is the responsibility of the Finance Department staff to assist departments with efforts toward this end. All purchases shall be approved by each department director or his/her designee and submitted to the Finance Department for final approval and processing.

Before approving a purchase, the Finance Director assures that there is cash available for payment, that the purchase is within the available budget, and that the purchase follows policy requirements, including appropriate approvals.

PROCUREMENT PROCESSES

The following methods of procurement shall be used for the purchase of goods and services:

- Direct Negotiation – the purchaser acquires goods or services by direct negotiation or by some other non-competitive method. The vendor is selected that is most advantageous to the City, price and other factors considered. This method is appropriate for small dollar purchases of standard operating supplies and services on an as-needed basis.

Purchases in this category are based on the department director's knowledge of market, responsibility for stewardship, and operational requirements. The department director should maintain helpful resources regarding the market and pricing data and attach any supporting information to the invoice for payment.

- Competitive Quotes – This method involves soliciting written quotes from a least three vendors. The award is generally made to the lowest bidder. These quotes can be obtained either by fax, email, mail or internet solicitations and are not normally advertised. All responses from vendors must be documented, date and time stamped, and attached to the invoice for payment or attached to the Purchase Requisition if required for higher approval. Award is generally made to the lowest responsive and responsible vendor meeting specifications.

It is recognized that in certain highly specialized procurements, it may not be possible to obtain three price quotes. In those cases, the department director must document the facts and circumstances as a part of the audit trail to accompany the invoice for payment.

- Competitive Sealed Bids – Purchases in this category must be decided by a formal bidding process and require advertising. The City receives sealed bids that are opened at a specific time on a stated date.

- For a Price-Only Bid (Bid), the award is made to the lowest responsive and responsible bidder meeting specifications.
- A Request for Proposal (RFP) is used primarily for professional services and highly technical commodities, and the vendor selection is based on more than price. The award is made to the bidder who best meets the City's needs.
- The Design-Build method allows for the design and construction of a project to be included in a single contract. It allows the City to hire one firm to provide both professional design and construction services while reducing the administrative costs typically involved with monitoring multiple contracts.

Purchases shall be made from the responsible and responsive bidder or offeror whose bid or proposal is most advantageous for the purpose intended according to the criteria set forth in the solicitation.

- A Responsive Bidder is a person or entity that has submitted a bid or proposal that conforms in all material respects to the requirements set forth in the invitation for bids or request for proposals.
- A Responsible Bidder is a person or entity that has the capability in all respects to perform fully and reliably the contract requirements.

In determining the lowest responsible, responsive bidder, the following factors may be considered:

- The ability, capacity and skill of the bidder to perform;
- Whether the bidder can perform the contract or provide the purchase promptly or within a specified time, without delay or interference;
- The quality, availability, and adaptability of the supplies or services;
- The responsiveness of the bidder in complying with provisions of the solicitation including specifications, contractual and other terms;
- The firm's relevant experience on similar projects; and
- The firm's financial condition.

After bids have been received and prior to award, negotiations can occur with the lowest responsible, responsive bidder when available information reveals that the best pricing and terms may not have been achieved via the competitive process and the negotiation process is the most viable option. When negotiating to improve the bid, the following areas may be considered for improvement: pricing, delivery or scheduling, payment terms, and other provisions. The City must exercise caution to ensure that negotiations do not provide an unfair advantage to the lowest responsible and responsive bidder over other bidders. Areas that have been identified that if altered during negotiations would provide a substantial unfair advantage and are not open to negotiation include: scope of work, bid specifications, terms and conditions, and other bid requirements. The bid information of other bidders is confidential until award and may not be revealed during negotiations. A re-bid may be initiated if negotiation results fail to achieve reasonable pricing.

PROCEDURES AND APPROVAL AUTHORIZATIONS

This section of the policy provides guidance on choosing the appropriate procurement process and sets required approvals for various types and amounts of purchases.

The purchasing guidelines use a tiered approach based on the dollar amount of the anticipated purchase. The dollar amount governs the proper method for purchase of goods and services and dictates the required approval for authorizing the purchase. These guidelines are presented in table format below. Purchases may not be split to circumvent these requirements.

Anticipated Purchase Amount	Method of Procurement	Required Approval	Purchase Requisition Required?	Purchase Order Required?
\$0 to \$1,999	Direct Negotiation	Department Director or Designee	No	No
\$2,000 to \$4,999	Competitive Quotes	Department Director	Yes	No
\$5,000 to \$14,999	Competitive Quotes	Department Director and Finance Director	Yes	Yes
\$15,000 to \$29,999	Competitive Quotes	Department Director, Finance Director, and City Manager	Yes	Yes
\$30,000 to \$49,999	Competitive Sealed Bid Process	Department Director, Finance Director, and City Manager	Yes	Yes
\$50,000 and over	Competitive Sealed Bid Process	Department Director, Finance Director, City Manager, and City Council	Yes	Yes

Note: City Council establishes the budget and assigns responsibility to the City Manager to assure all purchases are within budgeted amounts and in compliance with the City's purchasing policy. Further involvement of City Council is not required for purchases under \$50,000.

All purchase solicitations requiring competitive quotes and bids shall be documented on a Purchase Requisition form and submitted to the Finance Department for review, approvals, and processing. All responses from vendors must be documented, date and time stamped, and attached to the Purchase Requisition. A Purchase Order may be issued for any purchase if required by the vendor but is required for all purchases costing \$5,000 or more.

EXCEPTIONS

This section of the purchasing policy lists purchases that are exempt or deviate from the formal procurement processes. This exception may require alternate processes or procedures. An exemption from elements of the purchasing requirements does not preclude the city from soliciting bids or proposals.

- **Sole Source:** A Sole Source exemption is applicable in the event there is no more than one supplier for a particular purchase, and such purchase cannot be secured from other sources. A sole source situation exists when:

- There is a lack of responsible competition for a commodity or service;
 - A vendor possesses exclusive or predominant capabilities;
 - A product or service is unique and easily established as one-of-a-kind;
 - There is a patented feature providing a superior utility not obtainable from similar products; or,
 - A proprietary right exists, and the product is available from only one prime source.
- Professional Services: Competitive bidding is not required for professional services, including, but not limited to, attorneys, auditors, financial advisors, engineers, surveyors, architects, and technology professionals.
- Cooperative Purchasing: The City may participate in a cooperative purchasing agreement for procurement including “piggy-backing” on governmental and authority contracts. Cooperative purchasing agreements assists local government in reducing the cost of purchased goods and services through pooling the purchasing power of multiple public agencies. Due to the nature of cooperative purchasing agreements, competition has been established so additional quotes, bids, or proposals are not required. However, approval requirements based on the procurement dollar amount are still in effect.
- Public Works Construction and Public Road Contracts: Public works construction and public road contracts shall comply with the provisions of State law as noted below:
 - Public works construction contracts are governed by O.C.G.A. § 36-91-1 *et seq.*
 - Public road contracts are governed by O.C.G.A. §32-4-110 *et seq.*
- Grants/Donations: Periodically, the City may be given public or private grants and donations from sources such as the federal government, state government, private corporations, foundations, etc. These funding sources often include restrictive stipulations and may dictate the procurement process and methodology that the City is to follow for contract award. Notwithstanding any other provision of this policy, the City may enter into any contract, follow any procedure, or take any action that is otherwise at variance with this policy if necessary or convenient to receiving funds from the government of the United States, State of Georgia, other governmental/public and private entities.
- Emergency Purchases: An emergency is defined as any situation or circumstance that is determined to constitute a threat to public health, safety or welfare or to the soundness and integrity of public property, or to the delivery of essential services, and where the adverse effects of such emergency may worsen materially in the short term with the passage of time. In case of an emergency which requires immediate purchase(s) and where time is of the essence, the City Manager shall be empowered to secure the purchase(s) needed. If the purchase exceeds the available budget, the City Manager shall file a report of the circumstances of the emergency with the Mayor and City Council.
- Used Equipment, Furniture, Vehicles or Materials: A department may purchase used or refurbished equipment, furniture, vehicles or materials without competition if the same or

similar articles are not available from more than one source. An attempt should be made to prove that the purchase is at fair market value.

- Exceptions to Competitive Selection: The following items may be procured without competitive selection:
 - Utility services where competition is not available, including water, sewer, electrical, telecommunication, and gas;
 - Professional licenses, dues, and memberships;
 - Job-related seminars, training, and conferences, whether provided through an outside organization or by the City for in-house training, including facilities and amenities needed for such training;
 - Hospitality services and expenses including hotel accommodations;
 - Travel expenses;
 - Subscriptions and publications;
 - Postage and postal services;
 - Advertisements;
 - Recreational service providers and instructors;
 - Artwork, artistic services including graphic design, musicians and other entertainment providers;
 - Unique trees, plants, and landscape materials;
 - Building and facility rentals;
 - Real property and costs of acquisition of real property;
 - Licensed computer software and associated support and maintenance;
 - Medical services;
 - Services required by proprietary ownership and original equipment manufacturers such as maintenance contracts;
 - Items or services procured for resale or to generate a revenue;
 - Fees, services, or commodities provided by other governmental agencies;
 - Employee benefits and health related services procured through a quotation and negotiating process; and
 - Insurance procured through a negotiating process.

MISCELLANEOUS

- Bonds: When it is advantageous to the City or required by law, the City shall require a bid, performance, and/or payment bond, in cash or otherwise, for such amount as may be deemed sufficient to secure the execution of the purchase.
- Contract Approvals and Change Orders: Contracts authorized by Council, either through direct award or budget authorization may be executed by the City Manager. Subsequent change orders changing the original contract which do not exceed the approved budget including an amount for contingencies will be executed by the City Manager. Should the original contract and change orders exceed \$50,000, authorization by City Council is required.
- Tie Bids: A tie bid exists when two or more bidders offer, at identical prices, goods or services that meet all specifications, terms, and conditions. When a tie bid exists, the bid shall be awarded on the following basis: past performance of the bidders; earliest

delivery date; closest proximity to delivery site; warranty terms; any other factors which affect the bid; or flip of a coin, if all other factors are equal.

- Re-bids: To ensure sufficient competition for any procurement, a minimum of three bids or proposals is preferred. If less than three bids or proposals are received, the City Manager will make the determination on the necessity of rebidding based on the circumstances surrounding the bid responses and the feasibility and practicality of rebidding.
- Protests: Any bidder or proposer who is aggrieved in connection with a bid or other solicitation may protest such procurement. A protest must be made in writing and shall state the reason for the protest. It shall be submitted to the City Manager within seven calendar days of the first date that the aggrieved party knew or should have known of the facts giving rise to the protest. The City Manager shall review the protest and issue a written decision as soon as practical after such a review is completed. The City Manager's decision may be appealed in writing to the Mayor within seven calendar days after the date of the City Manager's written decision. The decision of the Mayor shall be final. Procurement which is the subject of a timely protest shall be stayed until a final decision.
- Ineligible Vendors: Vendors may be declared ineligible from doing business with the City. The following list of reasons applies:
 - Fails to complete a vendor application and provide required documents;
 - Submits a bid or proposal in bad faith;
 - Willfully or repeatedly breaches a contract with the City;
 - Refuses to accept a bid award or proposal award;
 - Has established a pattern or practice of unethical or immoral business practices;
 - Owes delinquent fees, judgments, taxes, or other amounts to the City; or
 - Is owned, controlled or managed, in whole or in part, by an ineligible vendor.