



## TOWN OF HERMON

### MUNICIPAL PURCHASING POLICY

The Hermon Town Council adopts the following policy for all municipal purchases:

#### **Section 1: Purpose**

The purpose of this policy is to standardize the purchasing procedure of the Town of Hermon thereby securing for the town the advantages of a centralized and uniform policy saving the taxpayers' money and increasing transparency and public confidence in the procedures for municipal purchasing; to promote the fair and equitable treatment of all suppliers of goods and services; and to set forth the duties and responsibilities of the Department Heads, Finance Director and Town Manager, thereby fostering interdepartmental cooperation and trust in the purchasing system.

In general, persons authorized to make purchases on behalf of the town are expected to take all reasonable steps to ensure the best value for the least amount of money. The degree of effort expected is in direct proportion to the price or value of the good(s) or service(s) being purchased. Where the town is enrolled in corporate, or similarly advantageous purchasing programs, they are to be used unless the good or service can be purchased for less where time is of the essence or received sooner. Particularly when making major purchases of durable equipment or vehicles, authorized purchasers are expected to determine whether other alternatives are available that satisfy the need – i.e. used, reconditioned, or leftover stock. They are also expected to document their efforts in this regard prior to seeking purchasing agent or Town Council approval.

#### **Section 2: Definitions**

**Bid:** For purposes of this policy, the term “request for bids” shall also include “request for proposals” or “request for qualifications.”

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

**Bonds:** The Town is responsible for procurement of Bond Council and Financial Advisor as it relates to any Bond Issues as well as procurement of bonded items.

**Competitive bidding:** Competitive bidding is the process of obtaining the bid most advantageous to the Town for any purchase, whether through formal or informal bidding procedures.

**Cooperative purchase:** Cooperative purchase is a purchase made by the Town in conjunction with or from another governmental or quasi-governmental agency, such as but not limited to, the State of Maine, the School Department, or another municipality.

**Emergency:** Any situation or circumstance that will inhibit a department from delivering services when said services are, or may be, needed.

**Field Purchase:** An informal purchase of supplies needed in small quantities from any vendor for day-to-day operation made directly by a department head or his/her designee.

**Informal bid:** A written or verbal quotation from a vendor that is not required to be opened publicly at a specified time, day and place.

**Invitation to Bid:** The complete assembly of specific related material (whether attached or incorporated by reference) furnished to prospective bidders in a formal bid process

**Formal bid:** Formal bid is a written quotation obtained in a sealed envelope from an approved vendor or through advertisement and opened at a specific day, place and time.

**Purchase:** Purchase is buying, renting, leasing, or otherwise acquiring supplies or services for a price.

**Purchasing Agent:** Purchasing Agent means the town manager or the town manager's designee.

**Services:** Services is the lease or rental of all grounds, buildings, offices, space or equipment required by the Town, the repair or maintenance of equipment or real property owned by, or the responsibility of the Town and all labor furnished to the Town by persons, firms, individuals or corporations not part of or connected with the Town government. "Services" shall not include professional services provided to or for the Town by lawyers, architects, engineers, auditors and consultants. Nor shall "services" include utilities such as electricity, water, and phone services.

The lease or rental of equipment, the repair or maintenance of equipment owned by the Town or that is the responsibility of the Town; all labor furnished to the Town by persons, firms, individuals, or corporations not part of, or connected with, Town government. It shall not include:

- a. Professional services provided to or for the Town by attorneys, architects, engineers, auditors, and other professional consultants; should the Town elect to purchase professional services using the competitive bidding process, a Request for Qualifications (RFQ) will be issued.
- b. Utilities such as electricity, water, sewer, etc.

**Specifications:** Standards, including quality, set by department heads as a guide to the purchasing agent and as a measure that successful vendors must achieve. Specifications shall be either technical specifications for bids, which shall state formulations as broadly as is practicable, yet be specific enough to meet the requirements of the department; or non-technical specifications for bids that shall state in general terms how the quality requirements will be achieved. Department heads may rely on technical advice from suppliers, salespersons and other agencies in developing specifications.

**Standing Purchase Orders:** Standing Purchase Orders are purchase orders that are issued with approval for a 90-day period and not to exceed \$500, without the issuance of a new purchase order.

**Supplies:** All materials and equipment.

**Vendor List:** The Town Manager shall establish a Vendor List, maintain a list of preferred Hermon businesses by category that will be given an opportunity to do business with the Town, organized based on different types of goods and services that the Town may wish to procure, from time to time.

### **Section 3: Applicability**

This regulation shall apply to purchases made by all departments and agencies of the Town, except for the school department.

The Hermon School Department will maintain and approve a bid and purchase policy.

### **Section 4: Appropriation**

Neither the Purchasing Agent nor any Department Head shall make any purchase or allow any purchase to be made until a purchase order has been approved by the Finance Director, Assistant Town Manager, or Town Manager. The only exception will be for any purchase required outside of operational business hours for the need of an emergency purchase to sustain operations. At those times, Department Heads may sign purchase orders and then obtain approval by the Town Manager or Finance Director within 24 hours after the opening of the office on the next business day.

### **Section 5: Purchase Limits**

Purchases will be classified into three categories:

- a. Small purchases of less than \$1,000
- b. Mid-size purchases of \$1,000 to \$24,999
- c. Large purchases of \$25,000 or more.

Small Purchases (less than \$1,000) – Town small purchases may be made by each department in accordance with the department’s budget and with department manager’s or designee approval. The department may use its discretion in determining the vendor and the best possible price. The splitting of purchases into multiple small purchase orders, so as to avoid a more formal process, shall not be permitted.

Mid-size Purchases (\$1,000 up to \$24,999) – Purchases of \$1,000 or more but less than \$25,000 may, but are not required, to be made using a formal competitive procurement process. If the formal bid process is not used these purchases, it must be supported by a record of price quotation from at least three (3) competitive sources or adequate explanations, from the department, justifying the absence of such competition (“single source”). Quotations must be obtained in writing. Selection of a vendor will not be based solely on price but will include judgments for price, quality and experience with the vendor.

Large Purchases (\$25,000 and up) – All purchases if \$25,000 or more are required to obtain formal competitive bids (RFP) for purchases of equipment, materials, services or for construction projects totaling \$25,000 or more.

All purchases will require to have a purchase order approved and signed prior to purchase, except for the emergency operational purchase after business hours. Purchase Orders must be signed by one of the following Finance Director, Assistant Town Manager or Town Manager.

### **Section 6: Competitive Bidding**

Competitive bids are required for all purchases more than \$25,000 unless specifically exempted by action of the Town Council.

Competitive bids may be required for purchases under \$24,999.99 when directed by the Town Manager.

Formal bidding procedures must be followed when the purchase is over \$25,000 unless otherwise exempted by a majority vote of the Town Council.

The Town Manager may make cooperative purchases for purchases less than \$25,000 without competitive bidding if the Town Manager determines the purchase is being made after competitive bidding by the cooperative entity or at price more advantageous than the Town would be likely to obtain by competitive bidding.

The Town Manager may waive the requirements for a formal bid process in cases of emergency or time constraints that would affect the Town's ability to perform mandated functions, provided that the Town Manager files a full and complete statement of the reasons for waving the formal bid process.

Oral quotations from vendors must be documented in writing by the department head; the documentation should include the vendor, the quote and the time and date at which it was rendered.

The Town Manager or designee may make cooperative purchases in conjunction with other governmental entities, without competitive bidding, if individual determines the purchase is being made after competitive bidding by the cooperative entity or at terms more than advantageous than the Town would be likely to obtain by competitive bidding.

### **Section 7: Administrative Procedures and Administration Responsibility**

The Finance Director under the supervision of the Town Manager shall establish and administer procedures for purchase of goods and services consistent with this policy.

The Town Clerk or designee shall keep a record of all bids submitted. In addition, the Town Clerk or designee will maintain a list of all individuals or companies who requested a copy of the bid documents or who were provided a copy. A record will be maintained noting the date the contact was made and who confirmed receipt of the request.

All bidders shall be notified in writing of bid results.

Tie bids shall be resolved by the Town Manager, except if the bid exceeds \$25,000, the Town Council shall resolve the issue.

All bids shall be awarded based on the bid most advantageous to the Town.

The Town reserves the right to accept or reject any or all bids, to investigate the qualifications of any bidder, and to waive or not waive any and all informalities in the bids when making an award.

The Town retains custody of all bids submitted to the Town pursuant to this policy.

The Town Manager shall establish a Vendor List based on vendor responsibility and quality, or upon submittal of qualifications materials. Vendor List shall be a public document available for inspection upon request and shall be updated by the Town Manager at least annually.

All formal bids received for purchases will be opened publicly. No sealed bid will be opened without having two persons present.

All bid requests will be posted on the town's website.

Any local business who requests to be notified electronically when a bid request in a category or categories of interest is made, can do so in writing to the Town Clerk.

The Town Manager may submit a list to the town council, in the first month of each fiscal year, of all purchases which will not follow the competitive bid process. Removal of an item from this list shall require a majority vote of the town council.

The Town Council without seeking competitive bids may authorize the renewal of contractual service contracts where the Town Council determines that such renewal is in the public interest and any increase in cost for such services is less than twenty-five thousand dollars (\$25,000.00) per contract year.

The Town shall retain required bid documents in accordance with State of Maine Local Government Retention Schedule.

The Town may dispose of town-owned equipment when no longer required to utilize and/or maintain for service.

In the event the Town or Department wishes to dispose of town-owned equipment with value exceeding \$5,000.00, the Town Council will request advertisement for the bid process. A majority vote is required to accept a bid. The Town Council reserves the right to accept or reject any or all bids.

For Town-owned equipment less than \$5,000.00 the Town Manager will shall handle such disposition under a notice of public sale. Under this process, there will be no formal bid process. Payment is due within seven (7) business days and no item will be released to the purchaser until payment is received.

Equipment that is used for traded in value as part of a separate but related equipment purchase shall not be required to undertake a separate bid process provided that the purchase that includes the trade-in, is handled in accordance with current procedures. It shall be at the discretion of the Town Manager as to when a trade-in is the most advantageous to the Town regarding pricing, timing, and any legal requirements.

**APPROVED & AMMENDED this February 27, 2014, by the Town Council.**

**APPROVED & AMMENDED this May 8, 2025, by the Town Council. Effective 7/1/2025.**