

Town of Ocean City

Procurement Policy & Procedure Manual

August 25, 2014



**Revised & Approved by the Mayor and City
Council July 12, 2016**



This Procurement Policy and Procedure Manual has been developed in harmony with the Town of Ocean City's ("TOC") strategic plan and mission to provide personal caring municipal services and to serve as a responsive host to our guests and residents while acting in a financially responsible manner delivered by a professional work force.

The Procurement Department facilitates the design and management of seamless procurement value-added processes across organizational boundaries to meet the real needs of the TOC. It does this by ensuring quality materials are obtained, in the right quantity, for delivery at the right time and right place, from the right source (a vendor who is reliable and will meet its commitments in a timely fashion), with the right service (both before and after the sale), and at the right price in the short and long term, while being transparent.

Transparency is achieved through open competition. The Procurement Department has created an environment of open competition by establishing standardized policies and procedures for how purchases are to be conducted. To ensure the utmost transparency, thresholds have been established that allow for purchases over a certain monetary value to be quoted/bid which allows for equal opportunity to compete for the TOC's business. The TOC solicits its requirements publically and evaluates vendor responses in a standardized manner that is outlined in this Procurement policy and procedure manual.

This manual also describes the laws, rules, policies and procedures that are required to be followed while performing Procurement functions as an Agent of the TOC. This manual is created from the Annotated Code of Maryland, the TOC Code, the National Institute of Government Procurement, and the Institute of Supply Management.

The Procurement Department anticipates this manual will be utilized as a valuable resource for all Agents of the TOC and that departments will see rapid turnaround times on their procurement needs due to the standardization and precise practices that are outlined herein. This manual is a living document; as such it will be modified from time to time with improvements. If any TOC elected official or employee has any questions please contact the Procurement Department for clarifications, the Procurement Department welcomes any and all feedback to improve this process.

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Procurement Manager

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I. PROCUREMENT

A. PURPOSE OF MANUAL

The objective of this manual is to provide the Town of Ocean City (TOC) employees and managers (Agents) with guidelines for the procurement of goods and services in order to maximize every tax dollar by making purchases that are consistent with this manual.

The Procurement Department will supplement this objective by ensuring its mission statement is adhered to during the procurement process.

MISSION STATEMENT-The Procurement Department's mission is to support the TOC strategic plan by facilitating purchases of quality goods and services at competitive prices, enabling efficient and effective operation of the TOC's government and its ability to provide excellent services to its residents and visitors.

B. GENERAL POLICIES

1. All Agents of the TOC, who participate in the negotiation, approval, and subsequent award of purchases and contracts, are personally responsible for becoming familiar with and abiding by all applicable Maryland State statutes and TOC policies and procedures governing such activities. The City Manager will sign all contracts for the TOC.
2. TOC Agents will not knowingly make a purchase where there is evidence of a Conflict of Interest ("COI") on the part of the TOC Official or employee. Refer to Section IX for more information on COI.
3. Bids will be awarded to the Vendor who is the most responsive and responsible as outlined in Section V of this manual.
4. The TOC reserves the right to accept or reject, in whole or in part, any or all bids for any reason.
5. All qualified Vendors will be afforded equal opportunities to quote/bid and will compete on equal terms.
6. Agents will foster constructive competition by constantly seeking new Vendors and by obtaining quotes/bids as outlined in Section III of this manual.

It is the TOC's policy to standardize products and services used within and among Departments in order to minimize stock levels and obtain pricing efficiencies through leveraged spend.

C. ACCOUNTABILITY

1. The Procurement Department is generally responsible and accountable for all goods and services acquired with TOC monies, any variances in this rule are noted in Section III.D of this manual. The Procurement Department will make all official inquires and negotiations for price and will make all official contracts for purchase as detailed in Section III. Procedures for these acquisitions will be based on Section II, III, IV, and V of this manual.

D. RESPONSIBILITIES

1. Every person employed by the TOC is responsible for the control of supplies, materials and equipment which are provided for the accomplishment of their duties.
2. The Procurement Department has the overall responsibility for adherence to this policy and procedure manual, material usage control, supply quantities allocations, physical security for materials in Central Warehouse, and proper disposition of surplus items.
3. The Procurement Department will have the following responsibilities:
 - a) Purchase stock items for the Central Warehouse(s) as needed according to lead time and according to the Inventory Policy.

- b) Participate in the preparation of specifications and help determine if specifications are appropriate and in the best interest of the TOC.
- c) Investigate discrepancies by reconciling problems relating to vendors and sales representatives.
- d) Develop and process formal sealed bids, information bids, and requests for proposals.
- e) Maintain an accurate perpetual stock inventory record system.
- f) Maintain good vendor relations.
- g) Dispose of obsolete, excess, and surplus materials ("Asset Recovery").
- h) Supervise the operations of Procurement, Central Warehouse and Impound Lot.
- i) Purchase fuel for all TOC owned equipment and buildings.
- j) Account for changes in inventory levels as they occur through cycle count and annual physical inventory.

E. AUTHORITY:

1. The TOC authorizes designated employees ("Agents") to make purchases for the TOC to ensure the TOC provides its services, with little to no service interruption, to its citizens and visitors. The maximum authorized dollar limits ("Authority") for purchases of goods and services by Agents are as follows:
 - a) Department Level Authority P-Cards-Purchases under \$2,500 are not required to be competitively purchased. See the Procurement Card Policy & Procedure Manual, Exhibit A, for more information on purchase card rules. Purchase cards are used when accepted by the vendor or the department manager has authority to obtain purchase order. Purchase card activity will be reviewed by the internal auditor.
 - b) Department Level Authority-Purchases \$2,500 but under \$15,000 are required to be competitively purchased within the Department level. These purchases will have been approved in the budget process and are not required to go to Mayor and City Council for award. Supporting documentation is required for procurements not detailed in the budget. These purchases are required to have three written quotes; copies of the quotes must be detailed in the requisition within the Procurement software. These bids will be awarded by the Department. Purchase cards are used when accepted by the vendor or the department manager has authority to obtain purchase order. Purchase card activity will be reviewed by the internal auditor.
 - (1) Unbudgeted procurements between \$5,000 and \$15,000 must be communicated to the Budget Manager prior to the procurement.
 - (2) Any Procurement in excess of budgeted amount requires prior approval of the Budget Manager.
 - (3) Each Department will have a person(s) designated to be responsible for the Procurement functions of the Department. It is recommended that just one office, within each Department, have this responsibility, to ensure consistency and accountability for all expenditures.
 - (4) Department Managers should monitor purchases made for their Department to guard against abuse of the system and to ensure that the dollar value received is commensurate with the dollar amount expended.
 - (5) A Department will not divide requirements into more than one procurement event in order to keep separate thereby avoiding the Rules requiring the applicable method for competition.

- (6) Departments must be sure they do not exceed their authority in handling any type of purchase. This includes monthly and quarterly (scheduled buying) purchases and department specific negotiated contracts, which may be established for items acquired by a Department on a repetitive basis. The contract value of the original contract period or the renewal option period(s), individually, must be within the Department's authority.
- c) Purchase Level Authority 1-Purchases \$15,000 but under \$25,000 are competitively purchased within the Procurement Department. These purchases will have been approved in the budget process and are not required to go to Mayor and City Council for award. These purchases are required to have three written quotes; copies of the quotes must be detailed in the requisition within the Procurement software. These bids will be awarded by the Procurement Department.
 - (1) Any unbudgeted procurements are required to be communicated to the Budget Manager and City Manager and will go before Mayor & City Council for formal approval.
 - (2) Any Procurement in excess of budgeted amount requires prior approval of the Budget Manager.
 - d) Purchase Level Authority 2-Purchases \$25,000 but under \$100,000 that is competitively purchased within the Procurement Department. These purchases will have been approved in the budget process and are not required to go to Mayor and City Council for award. These purchases will be formally bid out by advertising on the TOC's website, local paper, and on eMaryland Marketplace or other advertising method requested by the using Department. These bids will be awarded by the Procurement Department.
 - (1) Any unbudgeted procurements are required to be communicated to the Budget Manager and City Manager and will go before Mayor & City Council for formal approval.
 - (2) Any Procurement in excess of budgeted amount requires prior approval of the Budget Manager.
 - e) Mayor and City Council Authority-Purchases \$100,000 and over that are competitively bid within the Procurement Department will be approved for award by the Mayor and City Council. These purchases will have been approved in the budget process and will be formally bid out by advertising on the TOC's website, local paper, and on eMaryland Marketplace or other advertising method requested by the using Department.
 - (1) Any unbudgeted procurements are required to be communicated to the Budget Manager and City Manager and will go before Mayor & City Council for formal approval.
 - (2) Any Procurement in excess of budgeted amount requires prior approval of the Budget Manager.

F. CONTRACT TERM

1. The preferred contract term, or length, is three (3) years, including all extensions and renewals. Requests for longer terms will be submitted to the Procurement Manager or their designee. The Procurement Manager, or their designee, will base the determination of a longer term on the contract advantageousness to the TOC as well as other factors going on in the open market. All contract terms will be contingent upon funding.

G. PROCUREMENT METHODS

1. The method used to acquire goods or services will usually fall under one of the categories listed below:
 - a) Procurement Card
 - (1) Procurement cards are for official use only and will be used in accordance with the P-Card Policy. Use of procurement cards by any Department is contingent upon satisfactory compliance review, as determined by the Procurement Card Program Administrator.
 - (2) See Exhibit A for more information on P-Cards.
 - b) Telephone, Facsimile, E-Quotes, Internet Pricing, and Written Quotes
 - (1) The above referenced methods will be considered accepted for non-formal solicitations.
 - c) Open Market Solicitations
 - (1) An open market solicitation is the fair and open solicitation of offers for the purchase of a good or service, not covered by a Negotiated Contract. Competition will be reasonable and adequate for the amount of the expenditure and the specific requirement, with a minimum of three vendors solicited. Request can be made to purchase a specific product brand or use a specific vendor; however, one or more of the conditions for the waiver of competition will be identified and supported to justify the purchase (See Section I.I Waiver of Competition).
 - d) TOC Negotiated Contract (Goods or Services)
 - (1) A "Negotiated Contract" is a contract intended to cover normal requirements for a commodity, printing, or contractual service for a specified period of time based on predicted usage. It is also referred to sometimes as a "requirements contract" or "indefinite quantity contract".
 - (2) Commodities on TOC Negotiated Contracts are competitively bid. Some considerations in establishing TOC Negotiated Contracts are as follows:
 - (a) Items most commonly used or purchased by the TOC;
 - (b) Obtain lower prices through volume discounts;
 - (c) Transportation costs are included in the pricing;
 - (d) For some items, standards have been established and items have been tested;
 - (e) Warranties may be included in the contract; and
 - (f) Online catalogs are available within E-Procurement for processing efficiency.

H. NEGOTIATED CONTRACTS

1. A Department which receives authorization to enter into a negotiated contract(s) will submit the proposed contract(s) to Procurement for review and approval prior to execution. The Procurement Department will then work as the intermediary between the vendor, the vendor's legal department (if used), and the City Solicitor.

I. WAIVER OF COMPETITION

1. Under specific conditions or otherwise justified in the public interest by the Procurement Department competition may be waived. Those situations in which a waiver is possible are listed below. Waivers must be documented with a signed and dated request with a signed and approval date by the Procurement Department. When seeking a waiver, the request must identify those specific facts or circumstances that support a waiver; simply repeating the language of the applicable category is not sufficient.

Example: A Department requests to purchase Brand X pumps from Vendor Y.

Poor justification: Vendor Y is the only available source of supply for Brand X or this is a sole source.

Good justification: The Department performs critical analyses for the presence of minute amounts of certain chemicals, and the instruments used must be very precise and well-calibrated. In order to give predictable results across samples, the using department has standardized Brand X instruments and currently uses 7 in its facility. The Brand X manufacturer will warrant the accuracy of its equipment only if it is sold and serviced by an authorized dealer. Vendor Y is the only authorized dealer within 500 miles. Due to the cost of travel and the short response time required if repairs are needed, Vendor Y is the only dealer that can provide service for an economically reasonable price. Attached are service cost estimates for Vendor Y and the next two closest authorized dealers.

2. Waiver of Competition Examples

- a) Where a needed product or service is available from only one source of supply;
- b) Where emergency action is indicated;
- c) Where competition has been solicited but no satisfactory offers are received;
- d) Where standardization or compatibility is the overriding consideration;
- e) Where a donation predicates the source of supply;
- f) Where products are bought for "across the counter" resale;
- g) Where a particular product or service is desired for educational, training, experimental, or developmental work;
Example-Architectural, Engineering or other Professional services required for the purpose of conducting studies, evaluations, or establishing Contract Documents, designs, and specifications for municipal facilities as approved in the Budget.
- h) Where legal services are required that have been determined cannot be done by the City Solicitor.
- i) Where equipment is already installed, connected and in service, and it is determined advantageous to purchase it;
- j) The amount of the purchase is too small to justify soliciting competition or where a purchase is being made and the price has not changed from a previous contract/quote (done within the last six months);
- k) The requirement is for an authorized cooperative project with another governmental unit(s) or a charitable Non-profit organization(s);
- l) Piggyback Purchases for goods and services on any other Municipal, County, State or Federal Government contract.
- m) An item(s) is needed and available on short notice and subject to previous purchase, usually within the last six months, and pricing has not changed.
- n) Entertainers, performers, artist, musicians, actors, and other talent providers are needed for scheduled TOC events and have been approved in the Budget, to also include exhibits for scheduled TOC events, an example would be fireworks vendors/displays.

- o) Expenditure of "Capital" Grant funds have anticipated costs less than \$25,000 that utilize FTA/MTA funding with a local match that is less than \$10,000.
The intent of the waiver is to permit expenditure of these funds in accordance with FTA/MTA Procurement Guidelines without being additionally burdened by local procurement guidelines.

J. EMERGENCY

- 1. When emergency action is necessary and the expenditure is over the Department's Authority, prior written (e-mail) approval will be obtained from the Procurement Department followed by written communication by the City Manager, if time permits.
 - a) A situation that endangers lives, property, or causes the immediate discontinuation of a vital program and which can be rectified only by immediate on-the spot purchase (or rental) of equipment, supplies, or materials.
 - b) Departments will negotiate with vendor(s) in an effort to acquire the quality of good or service needed at the best possible price, delivery, terms and conditions.

K. IMMEDIATE NEED

- 1. An immediate need is not an emergency but could have the potential to become an emergency if not addressed with the utmost haste. In determining if a procurement is an emergency or an immediate need the Agent must fill out the Emergency Procurement Form and the determination will be made by a Procurement Officer.
- 2. Immediate needs will not negate the Procurement Process outlined in this Manual.

L. PROCUREMENT EXEMPTIONS

- 1. It is not mandatory for the items and services listed below to be purchased through the Procurement Department:
 - a) Items for Resale (Golf Course or the Recreation Center)
 - (1) Purchase of liquor and tobacco products;
 - (2) Perishable articles such as food; and
 - (3) Any item(s) that are procured by TOC departments and then sold to the general public
 - b) Published books, manuscripts, subscriptions to printed material, packaged copyrighted software products, and like material;
 - c) Services provided by individuals by direct employment contracts with the TOC;
 - d) Public utility services (gas, water and electricity);
 - e) Telephone and cable services furnished by those companies;
 - f) Services which are merely incidental to the purchase of supplies, materials or equipment such as installation services;
 - g) Personal services provided by a professional individual (person) on a temporary or occasional basis, including (by way of illustration, not limitation) those provided by a doctor, dentist, attorney, architect, professional engineer, scientist or performer of the fine arts and similar professions; the exemption applies only if the individual is using his/her professional skills to perform a professional task; a personal service may also be a consulting service; risk management medical and professional services.
 - h) Services provided directly by the federal, state, or a local government, or their employees when performing the service as a part of their normal governmental function.

2. Determination of Procurement Exemptions will be made by a Procurement Officer after the Agent has filled out a Sole Source Form, signed it and submitted it to a Procurement Officer with back-up information supporting the sole source assertion.
3. In addition to products and services exempted by Section I.L., the Procurement Manager may determine:
 - a) That competition will not enhance the price and/or quality that the TOC would receive for the product or service.
4. Procurement Exemptions are required to follow Procurement Rules.

M. CONDITIONAL GRANTS

1. Where a grant, donation, or special discount is predicated upon making a purchase from the grantor, the proposed transaction will be explained in writing and will have prior approval of the Grants Coordinator and the Procurement Manager. Prior to approval, the Grants Coordinator and the Procurement Manager will consider the conditions placed on the grant, donation, or special discount, and how they will affect the Department and the TOC, the cost of agreeing to such conditions, and the market conditions. When a donation from a private source is predicated upon making the purchase or lease from a specific source, the purchase or lease may be made without prior approval of the Procurement Manager, only if the donation from the private source covers 100% of the purchase price.

N. FEDERAL GRANTS

1. An award of financial assistance, the principal purpose of which is to transfer a thing of value from a Federal Department to a recipient to carry out a public purpose of support or stimulation authorized by a law of the United States. A grant is distinguished from a contract, which is used to acquire property or services for the Federal government's direct benefit or use.
 - a) If a Department receives grant money to pay for a contract, the Department must consider the nature of the relationship with the vendor. Is the relationship a vendor relationship or a sub-recipient relationship? Sub-recipient is defined as a non-federal entity that expends federal awards received from a pass-through entity to carry out a federal program, but does not include an individual that is a beneficiary of such a program. A sub-recipient may also be a recipient of other federal awards directly from a federal awarding Department. Vendor is defined as a dealer, distributor, merchant or other seller providing goods or services that are required for the conduct of a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program.
 - b) If the relationship is that of a sub-recipient, then federal guidelines and cost principles must be followed. Federal grants have specific compliance requirements which are outlined in the Audits of States, Local Governments and Nonprofit Organizations. Departments are encouraged to ask federal agencies administering the particular grant programs to identify essential and mandatory clauses that should be used in the TOC's sub-recipient contracts. It should be noted that TOC Departments receiving grant funds have an obligation to ensure that sub-recipients adequately perform all agreed-upon services.

O. ACROSS THE COUNTER PURCHASES

1. Purchases of items for “across the counter” resale by a Department are not required to be procured through the procurement department. However, all purchases of items for use by Departments, even if channeled through other internal supply sources, including stockrooms and warehouses, are to be made in accordance with the rules adopted in this Manual.

P. PREFERENCES

1. Departments may purchase goods and services directly from a non-profit work center for the blind and severely disabled as long as:
 - a) The purchase of goods does not exceed the Department Authority, and
 - b) The goods or services are not available under a Negotiated Contract, and
 - c) The goods or services must be of suitable price and quality, as determined by the using Department and the Procurement Department.

Q. USE OF PROCUREMENT POWER FOR PRIVATE ADVANTAGE OR GAIN

1. Procurement power will not be used for private advantage or gain. Purchases under contracts will not be allowed for personal use or ownership by employee or other individuals.
 - a) This prohibition will not apply if:
 - (1) The Department through which the property or services are procured had established policies and procedures permitting such purchases in order to provide for the mutual benefit of such persons and the using Department involved, or the public benefit or convenience; and
 - (2) Contracts with vendors, negotiated by the Procurement Department, for an employee purchase program separate from any Contracts established between the TOC and contracting vendor.

R. VEHICLE/EQUIPMENT REPAIRS

1. The Procurement Department will purchase parts and/or supplies necessary to maintain the vehicle/equipment fleet owned by the TOC.

S. PURCHASES FOR STOCK

1. A procurement officer will purchase items for the Central Warehouse as determined by the Inventory Policy. These materials will be stored in the Central Warehouse and issued to the using Departments on an as needed basis. The procurement officer is responsible for the safety and security of these materials; he/she will have in place a reliable computerized material control system and constantly monitor inventory levels for accuracy and need. A cycle count inventory program will be utilized and complete physical inventory will be once a year.

T. SURPLUS PROPERTY DISPOSAL

1. The Procurement Department is responsible for the disposing of all items that are considered surplus. When a department has an item that they consider surplus for their use, they must notify the Procurement Department.

2. The TOC's primary auction preference is GovDeals.com. The Procurement Department will create a list quarterly of the items that have been requested to be auctioned. Once the list is finalized by the Procurement Department, the Procurement Manager will send the list to the City Solicitor requesting a resolution be created and sent to Mayor and City Council for approval. The Procurement Manager will also send the list and memo to the City Manager for inclusion in the Agenda Packet.
3. The Mayor and City Council must give final approval in the form of a Resolution before any item can be sold at auction.
4. Once the item is listed as surplus the Procurement Department will set up any necessary storage requirements with the Department until the item is disposed of.
5. Auctions will be held as needed/warranted, and all surplus items will be sold to the highest bidder.

U. EXCEPTION TO SALE AT PUBLIC AUCTION

1. If in the opinion of the Procurement Manager another method of disposal will generate more revenue for the surplus item he/she will use their discretion to use such method. The Procurement Manager will document any variations from the TOC's primary auction preference for disposing of surplus property.

V. USING MTA FUNDING

1. The Town of Ocean City receives grant funding on an annual basis from the Federal Transit Administration (FTA), the Maryland Transit Administration (MTA), and other agencies. The Ocean City Transportation Department, on behalf of the Mayor and City Council, submits an Annual Transportation Plan (ATP), which is a request for grant funding. To receive grant funding the Town of Ocean City must certify that its procurement system and procurements comply with all applicable requirements imposed by Federal Laws, Executive Orders, or Regulations and the Requirements of the FTA and MTA.
2. The Town of Ocean City will make all efforts to comply with the FTA's Circular C-4220.1F dated March 13, 2013, "Third Party Contracting Guidelines" which lays out the Federal requirements for selecting vendors to provide goods and services funded by FTA programs and outlines requirements for third-party contracting, including inclusion of contract clauses that address compliance with numerous pass-through requirements. The Town of Ocean City will also use the FTA's Best Practices Procurement Manual a guideline for grant funded procurements.
3. As a sub-recipient of federal funds, the Town of Ocean City receives grant funding through the MTA. Under MTA guidelines we are considered a Locally Operated Transit System (LOTS) as are other sub-recipients throughout the state. In this case the MTA is the local regulatory body for administering and overseeing the use of grant funds. On a quarterly basis Ocean City's Transportation Department undergoes a review of grant-funded projects by the Office of Local Transit Support. For the benefit of all LOTS in the state, the MTA published a Locally Operated Transit Systems Program Manual. The Town of Ocean City uses the Program Manual, specifically Chapter 4; Procurement and Contracting for reference when using grant funding.
4. Approved by Jason Kepple, MTA Regional Planner on October 15, 2014.

II. GENERAL PROCUREMENT PLANNING & GUIDELINES

A. PREPARING WRITTEN SOLICITATIONS

1. All solicitations for purchases over \$25,000 must be posted to the Procurement Department's webpage, with an advertisement in the local paper, and placed on eMaryland Marketplace or other advertising method requested by using Department. The Procurement Department will keep an electronic file of all documents associated with such purchases. Black and White copies are only produced by request and for a fee of \$0.25 per page for vendors who cannot access the bid via the aforementioned means.
 - a) Solicitations: Should convey to the reader, in a clear concise and logical sequence, the information necessary to answer the basic questions of who, what, when, where, why, and how.
 - b) Specifications: Must be clear and concise and express the Department's requirements in an open and general fashion to stimulate open competition.
 - c) Terms and Conditions: The TOC Terms and Conditions will be a part of every written solicitation for goods and services over \$25,000.00.
 - (1) Exceptions to the use of terms and conditions must be approved by the TOC's City Solicitor or the Procurement Manager.
 - d) Pre-bid/Pre-proposal Conferences: Conferences or site visits early in the solicitation cycle provide an opportunity to emphasize and clarify critical aspects of solicitations, eliminate ambiguities or misunderstandings, and permit vendor input. Conferences/site visits should be conducted with potential bidders or vendors when issuing solicitations for complex, or critical requirements. Attendance at conferences or site visits are encouraged and vendors attending a conference may be given additional points during the evaluation process. An attendance roster must be signed by a representative of all attendees. When pre-bid attendance is used as evaluation criteria in the solicitation, only bidders who expect to bid and who have arrived on time, will be awarded established evaluation criteria. Late-comers may attend, but cannot be allowed to sign the attendance roster. Departments should carefully consider whether it is absolutely necessary that bidders attend in order to understand the solicitation and submit a response. An addendum must be issued to answer questions received about the solicitation or if a modification to the solicitation is required.
 - (1) Addenda will be compiled and distributed by the Procurement Department at the direction of the using Department.
 - (2) A Procurement Officer will be present at all conferences.
 - e) Response Time: When establishing an opening date and time, buyers should allow for the vendor's time required to respond to procurements as well as erratic mail deliveries. The sealed bid/proposal opening date will be no less than fifteen (15) business days after issuance of the solicitation document, unless a pre-bid or pre-proposal conference is held and then the bid or proposal opening date will be no less than thirty (30) days after issuance of the solicitation. Recognize that complex requirements will require a longer preparation time.
 - f) Acceptance Period: Bids are valid for a minimum of ninety (90) days unless a longer or shorter period of time is specified in the solicitation or bid document.

B. END USER PROCUREMENT FORM PROCESS

1. To expedite handling of a Department's procurement over its Authority, end user procurement forms should be sent to Procurement to the appropriate Procurement Officer. The contents of an end user procurement form should contain at a minimum:
 - a) Procurement Name
 - b) Budgeted Amount
 - c) Account Number
 - d) End User's Name
 - e) Date End User Submitted the Form to Procurement
 - f) Procurement Description
 - g) If the item is budgeted
 - h) Attached a bidder's list to the form
 - i) Specifications/Scope of Work
 - j) Evaluation Criteria, if there are any
 - k) Bond requirements, if there are any
 - l) Drawings, plans, etc., if applicable
 - m) Establish due dates with a Procurement Officer
 - n) The type of award
 - o) Conference date, time, and location
 - p) If the procurement is completed at the M&CC level or the procurement level
 - q) Source of funds (federal, State, grant, etc., and percentage of each)
 - r) If sole/single sourced, justification must be provided per Section I.I
2. Verbal requests for Procurement to contract for a Department requirement are not an acceptable substitute for a written request. Based on the content of the requisition, appropriate action is determined (i.e. justification for waiver of competition, etc.).

C. PURCHASE ORDER REQUEST

1. Department heads will establish the authority level within their Department for requesting of goods and services. The requisition request is entered into the Procurement software. Once entered it is electronically forwarded through the process for approval.
2. The Approver will review the request for its accuracy in the following areas:
 - a) Correct item
 - b) Correct quantity
 - c) Correct price
 - d) Correct quality
 - e) Sufficient funds to purchase
 - f) Correct budgeting account number along with project and/or work order number
 - g) Competitive quotes, if required
3. After all Approvals, the request is forwarded electronically to the Procurement Manager who will review for competitive quotes and compliance with this Manual.
4. Once approved a Purchase Order will be issued. Once created the Purchase Order is available electronically or in hard copy, if needed. The Procurement Department is the only department in the TOC authorized to create a purchase order.
5. All approval levels are password protected and all approval levels have the ability and authority to return a requisition to the originator requesting additional information. It is the responsibility of the authorized user to protect his/her password to prevent use by any other person.
6. All computer hardware/software purchase requests must be processed through IT Department for approval.
7. All radio/communication equipment purchase requests must be processed through the Communications Department for approval.

D. STOCK REQUISITION

1. Certain high-use supplies and materials are stocked and stored in the Central Warehouse located at the Public Works Complex Service Center. Withdrawal of these supplies by Departments is accomplished by the execution of an approved stock request through the Procurement software. Department heads are responsible for establishing authority levels for making stock requests.

E. BLANKET PURCHASE ORDERS

1. Blanket Orders can only be issued by the Procurement Department for Central Warehouse items and vehicle parts, and as the Procurement Manager deems appropriate.
2. The blanket purchase order is used for multiple purchases from a single vendor over a predetermined period of time (typically one (1) year).
3. Monitoring - The Procurement Department is responsible for monitoring the use of blanket purchase orders to identify commodity categories that are being purchased in sufficient quantity to warrant the use of other Procurement techniques at a savings to the TOC.

F. TYPES OF CONTRACTS

1. Construction Contracts: a formal agreement for construction, alternation, or repair of buildings or structures (bridges, dams, facilities, road, tanks, etc.). A construction contract is distinct from a contract to assemble, fabricate, or manufacture. Construction contracts are typically for lump sum pricing, or pricing for add alternates given a fixed dollar value with a predetermined project completion date to include penalty clauses for missed deadlines or if the vendor does not complete the project according to the scope of work/specifications. Construction contracts typically require the vendor to have a bond; bonds are based on the type of project and/or dollar value of the project.
2. All construction related procurements will use the AIA, EJC, or other TOC adopted contracts/documents.
 - a) Performance and payment bonds will be required for formal bid purchases as needed and when required by State Law. Such bonds will be employed in cases where there is significant potential for loss to the TOC resulting from unacceptable performance or default.
 - b) Bids bonds will be required at the discretion of the TOC. The bid bond will be issued in an amount equal to 5% of the submitted bid. The following forms of bid bonds are acceptable:
 - (1) Certified check
 - (2) Cashier's check
 - (3) Money order
 - (4) Surety Company Bid Bond
 - (5) Letter of credit from federally insured bank
3. Consulting Contracts: a formal agreement for a consultant who provides expert advice in a particular area that cannot be obtained from internal TOC resources. Consulting contracts can be in security (electronic or physical), management, law, human resources, marketing (and public relations), insurance, finance, engineering, or any of many other specialized fields. The consulting contract must include a scope of work with deliverables and deadlines. Travel policies and ancillary fees must be defined in the contract. Invoices must include a statement of services performed and fees associated with such services that can be tied back to the scope of work within the contract (time and materials used/consumed).

4. Purchase Order: is a document and sometimes a first official offer issued by a buyer to a seller, indicating types, quantities, and agreed prices for goods or services. Acceptance of a purchase order by a seller forms a contract between the buyer and seller. In some instances no contract exists until the purchase order is accepted. It is used to control the Procurement of products and services from external vendors. Purchase orders are created after contracts/quotes are created/received with/from vendors. Purchase orders act as the contract with the vendor for goods and/or services purchased from quotes only. Purchase orders come with standard terms and conditions attached.
5. Software License Agreements: A software license agreement is a legal instrument (usually by way of contract law, with or without printed material) governing the use or redistribution of software. Under United States copyright law all software is copyright protected, except material in the public domain. A typical software license grants an end-user permission to use one or more copies of software in ways where such a use would otherwise potentially constitute copyright infringement of the software owner's exclusive rights under copyright law. In addition to granting rights and imposing restrictions on the use of software, software licenses typically contain provisions which allocate liability and responsibility between the parties entering into the license agreement. In enterprise and commercial software transactions these terms, such as limitations of liability and warranties and warranty disclaimers indemnify the buyer if the software infringes intellectual property rights of others. Software licenses can generally be fit into the following categories: proprietary licenses and free and open source. The significant feature that distinguishes them is the terms which the buyer might further distribute or copy the software. All software purchases and/or agreements must go through TOC IT.
6. Service Contract: "Service contract" means a contract that directly engages the time and effort of a vendor whose primary purpose is to perform an identifiable task rather than to furnish an end item of supply. A service contract may be either a non-personnel or personnel contract. It can also cover services performed by either professional or nonprofessional personnel whether on an individual or organizational basis. Invoices must include a statement of services performed and fees associated with such services that can be tied back to the scope of work within the contract (time and materials used/consumed). Some of the areas in which service contracts are found include the following:
 - a) Maintenance Contracts: a formal agreement between two parties which states that one party will keep a building, property, equipment, etc., belonging to the other party in good condition by regularly checking and repairing it when necessary, typically on a period basis (monthly, quarterly, etc.). This contract provides consistent pricing for specified services with contingency pricing for services that fall outside agreed to scope of work (e.g. emergency repairs, or repairs that are outside the normal 8-5 work day or during weekend hours) that could happen during the duration of the contract. Pricing does not normally increase during the contract term.
 - (1) Housekeeping and base services
 - (2) Advisory and assistance services
 - (3) Operation of Government-owned equipment facilities, and systems
 - (4) Communications services
 - (5) Architect-Engineering
 - (6) Transportation and related services
 - (7) Research and development

7. Service Level Contracts: (SLA) are a part of a service contract where a service is formally defined. In practice, the term SLA is sometimes used to refer to the contracted delivery time (of the service or performance). As an example, Internet service providers will commonly include service level agreements within the terms of their contracts with customers to define the level(s) of service being sold in plain language terms. In this case the SLA will typically have a technical definition in terms of mean time between failures (MTBF), mean time to repair or mean time to recovery (MTTR); various data rates; throughput; jitter; or similar measurable details.
8. Purchase Agreements: agreements for goods over a specified period of time, when quantities are indefinite. They have no fixed total dollar amount; rather, they are unit price based. They establish a framework under which goods/services are provided, but it is the degree of purchase order activity against the contract that will ultimately determine its total value. Effective administration of these open ended agreements requires that the Department maintain some record of the degree of activity against these contracts. Procurement must have some means to capture, analyze, and report usage information. Purchase order activity is periodically reviewed for compliance with the terms of the agreement. Contract expenditure activity should always be examined prior to the exercise of any renewal provision or re-solicitation. Normally, requirements contracts will be handled as a citywide or Department specific term contract.

G. SPECIFICATIONS

1. Specifications can either enhance or inhibit competition because of how they are written. Specifications must be written to allow competition to the maximum degree possible. This can be accomplished by describing goods or services in a manner which meets the Department's needs while not being unnecessarily restrictive or descriptive of a particular vendor's product. All supplies and equipment furnished must be new or a current production model or in first class condition, unless otherwise expressly stated in the solicitation. Demonstration, previously rented, or reconditioned items are not considered new. The following specification (descriptive) categories are listed in the preferred order of use:
 - a) Generic (Performance and Design): Buyers should analyze incoming requirements with a view towards soliciting the requirement on a generic specification basis. Under appropriate circumstances, performance specifications (setting forth the performance requirements), design specifications (setting forth the essential characteristics of the items solicited), or a qualified products list (QPL) may be used.
 - b) Brand Name or Equivalent: When it is determined to be impractical to develop a generic specification, a brand name may be used to convey the general style, type, character, and quality of the article desired. Unless otherwise provided in the solicitation document, the name of a certain brand, make, or manufacturer does not restrict bidders to the specific brand or manufacturer named. Any article which the TOC, in its sole discretion, determines to be the equivalent of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, will be accepted. The solicitation should inform a bidder, however, that the bidder must identify the equivalent product it intends to supply.
 - c) Brand Specific: A brand specific specification restricts the acceptable products to those of one or more specified manufacturers. Use of brand specific specifications may be appropriate in situations such as:
 - (1) When the desired product must be compatible with or is an integral component of the existing equipment or products, or where prequalification of products is necessary to support specific needs of a program.
 - (2) When a product is covered by a patent or copyright; when the product must yield absolute continuity of results

- (3) The product is one with which a user has had extensive training and experience, and the use of any other similar piece of equipment would require considerable reorientation and training. Use of a brand-specific specification must be approved in advance by the Procurement Manager, based on a written justification describing why the particular brand is required.
 - (4) The determination for the use of a brand specific specification will be made in advance, in writing, if more than the Department's delegation.
2. Upon solicitation, every effort must be made to obtain full competition among the resellers which carry the manufacturer's product.
3. Generally, if there is ambiguity or inconsistency in a written solicitation that results in a protest the protest will be handled by the Procurement Department.

H. COMMODITY CODES

1. The TOC has adopted the National Institute of Governmental Purchasing (NIGP) Code as the standardized system of coding for commodities and services, which utilizes a 5-digit class item code.
2. This code is utilized for the following purposes:
 - a) Provides a standardized method of sourcing
 - b) Identifies the procurement as goods or services
 - c) Provides detailed history of commodity purchases
3. Correct commodity code usage will promote accuracy in reporting and provides the Procurement Department with the vital statistics needed to determine contract usage and vendor participation. Departments may search for commodity codes by accessing the Procurement software.

I. QUALIFIED PRODUCT LIST (QPL)

1. It is sometimes necessary to prequalify products and only solicit those that have been prequalified by compliance with the standard specifications for that commodity. In such cases, a list is maintained of specific products (QPL) which have been evaluated and determined to be acceptable in meeting predetermined minimum performance. This qualification is performed in advance of any particular purchase program or the term contract. By having a prequalification procedure, time and effort during the purchase cycle can be reduced. The qualification requirements must be established sufficiently in advance of the anticipated procurement to allow for evaluation and qualification of potential products. A vendor whose product or service has been determined not qualified will be advised in writing.
2. Access to QPLs
 - a) The official versions of Qualified Products Lists (QPLs) can be found on the Procurement Webpage. Procurement will update QPLs as necessary based on the needs of using Department and changes in the marketplace.

J. PAYMENT TERMS

1. Invoices will be paid no later than thirty (30) days after receipt of correct invoice or acceptance of goods and or services, whichever is later. The using Department is responsible for receiving of goods and services within the TOC Procurement software for payment to the vendor under the contract. Any payment terms in a solicitation document must comply with policies established by the Finance Administrator.

K. AWARD CRITERIA

1. Unless expressly provided that the Best Value method will be used, a contract award will be based on the lowest and best bid(s) meeting specifications (most advantageous to the TOC). If any other factors are to be considered, they must be identified as such:
 - a) General reputation and performance capabilities of the bidder;
 - b) Substantial conformity with specifications;
 - c) Delivery and installation schedule;
 - d) Location and availability of service and repair facilities and personnel;
 - e) References provided for proposed equipment
 - f) Demonstration of proposed equipment, if required.
 - (1) In appropriate circumstances, generally involving sophisticated equipment or service, the Best Value method may be used. If the Best-Value method is used, the requirements described in Section V.G must be followed.
2. When procuring information technology the award will be based either on the Lowest Cost Technically Acceptable method of source selection or the best value trade-off method of source selection.
 - a) Lowest Cost Technically Acceptable method:
 - (1) The evaluation factors that establish the requirements of acceptability will be set forth in the solicitation. Solicitations will specify that award will be made on the basis of the lowest evaluated price of those proposals that meet or exceed the acceptability requirements for non-price factors.
 - (2) Trade-offs between price and non-price factors is not permitted.
 - (3) Proposals are evaluated for acceptability but are not ranked using the non-price factors.
 - (4) Only clarifications are permitted.
 - b) Best Value Trade-Off method: A trade-off method of source selection is used when it is in the TOC's best interest to consider award to other than the lowest priced offer or other than the highest technically qualified offer. For a solicitation using a trade-off source selection method, the following will apply:
 - (1) All evaluation factors that will affect the contract award decision and their relative importance will be clearly stated in the solicitation.
 - (2) Price must be considered as an evaluation factor in the selection process. The solicitation will state the importance or numerical weight of all evaluation factors including price.
 - (3) Offers are ranked using the evaluation factors and their relative importance or weight as defined in the solicitation document. The relative overall ranking of any offer may be adjusted up or down when considered with, or traded-off against, other non-price factors.

For example, an offer with the lowest price when compared to other offers would normally receive the best ranking in the price evaluation category. However, if other non-price evaluation factors received low rankings, the overall ranking of the offer would be reduced.
 - (4) Clarifications are permitted.
 - (5) If applicable, communications and negotiations may be permitted after receipt of offer.

L. TRANSPORTATION/FREIGHT

1. The TOC will specify the transportation/freight method of shipment in the solicitation document as F.O.B. (Free on Board) Destination, unless circumstances require that another method of shipment be used. The purchase order number must be shown on all packages and shipping manifests to ensure proper identification and payment of invoices. Complete packing list must accompany each shipment. Vendors must not ship products until they have an official purchase order.
 - a) F.O.B. Destination. It is the basic policy of the TOC to solicit bids for goods F.O.B. Destination, which means that freight charges are paid by the seller who owns and assumes all risk for the goods until they are accepted at the designated delivery point. The cost of shipping the goods should be included in the quoted price or by the bidder or offeror as a separate line item, but the invoice amount cannot be more than the total bid price.
 - b) F.O.B. Origin. Under F.O.B. Origin, the vendor is required to select the most economical method of shipment consistent with the required delivery date, prepay the freight charge and include it in the invoice. Regardless of the F.O.B. point, the TOC accepts title only when goods are received. By definition, F.O.B. Origin means that the buyer takes ownership at the seller's location and would be responsible for filing claims if the goods are damaged during shipment.
 - (1) Under F.O.B. Origin, the total cost for freight to destination, shipping and handling charges etc., will be included in determining the lowest responsive and responsible bidder. In such cases, the buyer is required to obtain the actual or estimated cost of shipment and show the freight, shipping, and/or handling cost as a line item on the requisition. Both the F.O.B. point and shipping cost must be clearly shown on the requisition.
 - (2) Before approving an invoice for goods or services for payment the Department should review it and compare it to the award document to determine if the shipping costs are accurate.

M. SAMPLES

1. A request for samples must be clearly indicated in the solicitation document. Upon request from the TOC, the Vendor must furnish a sample(s) of items offered. Samples must be furnished, free of expense (including shipping), and if not destroyed will, upon written request be returned at the bidder's expense. Otherwise the samples will become property of the TOC. Samples furnished either in connection with a bid or proposal, testing, or when delivered for use in developing a specification should be managed as follows:
 - a) Samples should be labeled with the Purchaser's name, Commodity, Solicitation Number, Term Contract Number, or Quote Number and the projected disposal date for the sample(s).
 - b) The responsible person should return or dispose of, the test samples as soon as possible after testing has been completed.
 - c) Sample items for term contracts will be held for 90 days following expiration of the contract.
 - d) The prompt return of samples to the owner will be the responsibility of the using Department, if the owner requests the return.
 - e) Samples released to the using Department by the owner or unclaimed after ninety (90) days from completion of delivery will be either placed in use within the using Department, transferred to another TOC Department, recycled, sold through TOC Asset Recovery, or discarded as trash.

N. VENDOR PRESENTATIONS/PRODUCT DEMONSTRATIONS

1. If specified in the solicitation document, the evaluators may request oral presentations or discussion with any or all vendors for the purpose of clarification or to amplify the materials presented in any part of the proposal. However, vendors are cautioned that the evaluators are not required to request clarification. The TOC reserves the right to require a demonstration of the exact model of equipment offered. Upon request by the TOC, such demonstration may be performed by bidder or his authorized representative, before award of contract, at the Department's facility, free of charge to the TOC, and for the purpose of assessing suitability of the offered equipment for the intended use. Failure of bidder or his authorized representative to perform a demonstration (if requested) in accordance with the above may be grounds for disqualification of the bid. The results of such demonstration will be considered in the evaluation of the offer.

O. SPEND ANALYSIS (if applicable)

1. Spend analysis is the process of collecting, cleansing, classifying, and analyzing expenditure data with the purpose of reducing procurement costs, improving efficiency, and monitoring compliance. It can also be leveraged in other areas of business such as inventory management, budgeting and planning, and product development.
2. There are three core areas of spend analysis
 - a) Visibility
 - b) Analysis
 - c) Process
3. By leveraging all three, Departments can generate answers to the crucial questions affecting their spending, including but not limited to:
 - a) Is it necessary to purchase?
 - b) Are there options of obtaining without purchasing?
 - c) What am I really spending?
 - d) With whom am I spending it?
 - e) Am I getting what's been promised for that spend
4. Spend analysis is often viewed as part of a larger domain known as spend management which incorporates spend analysis, commodity management and strategic sourcing.

III. PROCUREMENT OF GOODS AND SERVICES

A. SCOPE OF WORK AND SPECIFICATIONS

1. After determining the appropriate procurement method as defined in Section I.G of this manual, the next steps will be to define the specifications and needs.
2. The primary purpose of a scope of work or purchase specification is to provide a basis for obtaining goods or service that will satisfy a particular need at an economical cost. TOC's Procurement program is built on the principles of competition and transparency. Agents will seek competitive offers, except as may be permitted by statute or rule, made by qualified and responsible sources of supply. Where competition is available, every Agent will use/write specifications and requirements that are reasonable to satisfy the need, but not unduly restrictive, that encourages competition in the open market and will result in the best possible contract for the goods or services needed.

B. INFORMATION GATHERING

1. Gathering Information from Vendors prior to preparing a solicitation document Request for Information (RFI) - A Request for Information is used primarily as a planning tool. The RFI is a method that may be used to gather information in order to prepare a complete and accurate solicitation document when a Department does not have the necessary information to do so. RFIs are used to identify industry standards, best practices, potential performance measures, and cost or price structures or to generally ascertain the level of interest of prospective respondents.
2. The RFI should provide as much information as practical to define the type of information that is being sought. Departments may use the information gathered from vendor responses to finalize its solicitation document. Departments are not required to incorporate any of the comments or suggestions made by the vendor, but, the hope is that the vendor will provide useful information to assist in the solicitation development process. As far as possible, vendor-supplied information should be blended to meet the TOC's needs, and it should not contain specifications, marketing data or text taken directly from a specific vendor's or manufacturer's material.
3. The RFI must state that it is not a request for offer and that no award will result. Since this is not a solicitation document the TOC's terms and conditions should not be included in the document.

C. DETERMINING THE SOLICITATION METHOD

1. At this point it is important to determine the procurement method because it will be a major factor in the planning process. For example, the average procurement lead time for an Invitation for Bids and a Request for Proposals differs significantly.
 - a) Invitation for Bids (IFB) - The IFB is a formal, written solicitation document used in a competitive bid process with or without the opportunity to negotiate after bid receipt. A detailed bid specification package, similar to the RFP is developed. The procurement process will either be based on lowest bid or using the bids as a starting point from which negotiations will take place. The procurement process needs to be made in advance of the solicitation and must be made clear to vendors in the solicitation document.

- b) Request for Proposals (RFP) - The RFP is a formal, written solicitation document used for seeking competition and obtaining offers for more complex goods and/or services where price is only one of several key decision factors. This document contains specifications, general information on submitting proposals, terms and conditions and any additional information that invites bidders to use their expertise to develop and propose one or more solutions.
- c) Request for Quotes (RFQ) – The RFQ is used when the need can be clearly and unambiguously described; for example a grade of material, a stock-keeping unit (SKU), or other commonly accepted terminology. This document contains instructions for vendors, specifications, and terms and conditions. An RFQ is basically a price comparison tool for commonly used goods or services sold in the open market where quotations can be obtained at any time.

D. SOLICITATION REQUIREMENTS

1. Solicitations under \$2,500
 - a) One time purchases for goods or services, not covered by a contract, involving an expenditure of public funds of \$2,499.99 or less is considered a small purchase and not required to be competitively bid and/or quoted.
2. Solicitations \$2,500 but under \$15,000
 - a) Solicitations for good or services, not covered by a contract, involving an expenditure of public funds of \$2,500 to \$15,000 is considered a small competitive purchase. Formal competitive bids are not required, but multiple quotes from at least three sources of supply must always be sought.
 - b) Agents will contact a minimum of three vendors and give the vendors a minimum of three business days to respond. Agents will record whom they contacted that did not respond; name of business and person they spoke with, and phone number in the comments section of ERP system. Agents will enter solicitation information (business name and pricing information) in the ERP system in the quotes/notes section.
 - c) Below are examples of the most common methods that may be used:
 - (1) Request for Quotes (RFQ)
 - (2) Written informal quotes and internet pricing from vendors
 - (a) May use fax or email quotes and internet pricing: If using procurement card for payment follow the same solicitation requirements. Keep records of item/service description, price quoted, delivery terms, FOB point, contact name and date of quote. Insure delivery and freight is included in total costs. Confirm verbal quotes in writing, and include the TOC General Terms and Conditions.
 - (3) If a service, you must:
 - (a) Verify vendor’s insurance if work is on TOC owned/leased property or facilities,
 - (b) Verify applicable vendor’s license,
 - (c) Perform reference checks.
 - (4) If the price seems unreasonable based on the estimated cost, seek competition from at least one additional vendor. Extensive research is not necessary; weigh administrative costs vs. product costs.
 - (5) Place order through the Procurement software or through procurement card, if applicable.
3. Solicitations \$15,000 but under \$25,000

- a) Except under circumstances in which a waiver, special delegation, exemption, or emergency is permitted by rule, all purchases for \$15,000 but under \$25,000 involving the expenditure of public funds, for those goods and/or services not covered by TOC contracts, must comply with the following procedures and not have a complex scope of work or specifications or a large amount of risk, as determined by the Procurement Manager.
 - (1) Purchase will have been budgeted or approved in the then current fiscal year, project budget, grant process or approved by City Council;
 - (2) Will be completed by the Procurement Department;
 - (3) Informal solicitation documents requesting or inviting offers will be issued; and will include standard language, including terms and conditions issued by Procurement Department.
 - (4) Purchase will not be required to go to Mayor and City Council for award, but will be approved for award by a Procurement Officer
 - b) Purchases within this dollar threshold that are complex in scope of work and/or specifications or have large risk associated with the purchase will be required to follow the rules outlined in Section III.D.4.
4. Solicitations for Goods and Services \$25,000 but under \$100,000
- a) Except under circumstances in which a waiver, special delegation, exemption, or emergency is permitted by rule, all purchases for \$25,000 but under \$100,000 involving the expenditure of public funds, for those goods and/or services not covered by TOC contracts, must comply with the following procedures.
 - (1) Purchase will have been budgeted or approved in the then current fiscal year, project budget, grant process or approved by City Council;
 - (2) Formal solicitations will be completed by the Procurement Department by utilizing the TOC website, local paper, and eMaryland Marketplace or other advertising method requested by the using Department;
 - (a) Formal solicitation documents requesting or inviting offers will be issued; and will include standard language, including terms and conditions issued by Procurement Department, and a scope of work/specifications developed by the using Department.
 - (b) For Information Technology Procurements, approval must be received from IT Manager prior to posting any solicitation.
 - (c) The solicitation will be advertised at a minimum 15 days prior to the date designated for opening.
 - (3) Required to receive sealed proposals in the Procurement Department.
 - (4) Not required to go to Mayor and City Council for award, but will be approved for award by a Procurement Officer
 - (a) This rule does not prevent solicitation of offers by additional direct mailings, phone calls or additional advertisement by the using Department.
5. Solicitations for Goods and Services \$100,000 and over
- a) Except under circumstances in which a waiver, special delegation, exemption, or emergency is permitted by rule, all purchases for more than \$100,000 involving the expenditure of public funds, for those goods and/or services not covered by TOC contracts, must comply with the following procedures.
 - (1) Purchase will have been budgeted or approved in the then current fiscal year, project budget, grant process or approved by City Council;
 - (2) Formal solicitations will be completed by the Procurement Department by utilizing the TOC website, local paper, and eMaryland Marketplace or other advertising method requested by the using Department;

- (a) Formal solicitation documents requesting or inviting offers will be issued; and will include standard language, including terms and conditions issued by Procurement Department, and a scope of work/specifications developed by the using Department.

NOTE: for Information Technology Procurements, approval must be received from IT prior to posting any solicitation.

- (3) The solicitation will be advertised at a minimum 15 days prior to the date designated for opening.
- (4) Will be required to receive sealed proposals in the office of the City Manager or office specified in the bid document.
- (5) Will be required to go to Mayor and City Council for award.
 - (a) This rule does not prevent solicitation of offers by additional direct mailings, phone calls or additional advertisement by the using Department/ Procurement Department.

E. E-MAIL, FAXES, TELEPHONE BIDS

- 1. E-mail, facsimile, internet pricing, and telephone offers will not be accepted in response to solicitations that are required to be sealed. Sealed offers are required for procurement of goods and services that exceed \$25,000.00 or are deemed by the Procurement Manager to be solicited formally through a sealed bid process.

F. PUBLIC OPENING FOR SOLICITATIONS

- 1. At the time and location given on the solicitation document, a public bid opening will be held and a tabulation of vendors responding to the solicitation or vendor pricing will be prepared (See Section IV.M Conducting a Bid Opening). Remember:
 - a) No late bid may be opened or considered. In order to be timely, a bid must be received in the office specified in the solicitation at or prior to the time listed for the bid opening.
 - b) If less than two bidders are present at the opening, then two TOC employees must be present for the bid opening.
 - c) The bid opening must occur immediately after the bid deadline or as quickly thereafter as is possible.
- 2. One Step (IFBs or RFQs) - At the date and time specified in the solicitation, bids from each responding vendor will be opened publicly and the name of the vendor and cost(s) offered will be announced.
- 3. One Step (RFP) – At the date and time specified in the solicitation, bids from each responding vendor will be announced and read into record.
- 4. Two Step (RFPs) - At the date and time specified in the solicitation, proposals from each responding vendor will be publicly opened and the name of each vendor announced publicly.
 - a) After the award is made, the evaluation matrix will be posted on the TOC's website, including pricing information.

5. If only one bid is received, the bid may be opened and an award may be made to the single respondent if the Procurement Manager and using Department head finds that (1) The price(s) submitted are fair and reasonable, (2) other prospective bidders had access to notice of the bid and reasonable time to respond, or (3) there is not adequate time for re-solicitation. Otherwise, the bid may be rejected and new bids may be solicited, the proposed procurement may be canceled; or if the Procurement Manager and using department head determined that the price of the sole bid is not fair and reasonable, and that for re-solicitation would likely be futile, discussions may be entered into with the sole bidder.

IV. COMPETITIVE SEALED BIDS-PREPARATION OF SOLICITATION DOCUMENT

A. MINIMUM SOLICITATION REQUIREMENTS:

1. Specifications, requirements, terms and conditions, delivery information
2. Department name
3. TOC Employee responsible for project
4. Phone number
5. Solicitation identification name
6. Title (a short description of the good and/or service requirement)
7. Opening date, time, and place (Department location, including room number, not merely street address or name of building)
8. If the solicitation requires potential vendors to attend a conference or site visit, this information will also be furnished with the advertisement, to include:
 - a) Date and time
 - b) Exact location
 - c) Contact person and phone number
 - d) Any other requirement such as number of attendance allowed, preregistering, etc.

B. LEGAL REVIEW OVER \$100,000

1. The TOC City Solicitor should be included in the solicitation preparation process as early as possible.

C. ADVERTISING SOLICITATION

1. The solicitation will be advertised at a minimum 15 business days prior to the date designated for opening.
 - a) This rule does not prevent solicitation of offers by additional direct mailings, or phone calls or additional advertisement by a Department.

D. SOLICITATION ADDENDA

1. Addenda are prepared when it is necessary to document questions and to provide responses to questions in reference to the solicitation. It should be used when it is necessary to make any changes to the solicitation document. Addenda should be posted on the Procurement website in the same manner as the original solicitation posting.

E. BID OPENING

1. All bids and proposals over \$25,000 must be opened publicly. The names of the bidders and other information such as manufacturer and model number of the items offered, delivery, and prices (unless it is a two-step process) must be announced if any vendor or other persons attend the opening. This includes all offers received, including those that do not comply with the instructions or terms and conditions of the bid. Late bids are not opened.

F. SIGNED BID

1. All received bids must be signed by the bidder to be accepted for consideration. A signature indicating that the document is the bidder's offer is necessary to create a binding contract. Therefore, no exceptions to this requirement can be made.

G. RESPONSIVE BIDDER

1. A responsive bidder is considered a bidder who meets all criteria of a bid such as, but not limited to, bid execution, and submittal of all required data within the required time frame.

H. FINANCIAL EVALUATIONS

1. Financial information, statements and/or documents submitted with a formal solicitation will be evaluated to determine whether the offeror has sufficient ability to perform the contract and that the offeror is financially solvent.
 - a) The TOC may request vendors to supply their Dun and Bradstreet rating.

I. ECONOMICALLY DISADVANTAGE ENTERPRISE OWNERS STATUS

1. The TOC invites and encourages participation in the procurement process from businesses owned by minorities, women, veterans disabled veterans, disabled business enterprises and non-profit work centers for the blind and severely disabled.

J. REFERENCES (if applicable)

1. The TOC reserves the right to require a list of customers that have had similar item/work done in the last 12-36 months by the bidder. The TOC may contact these customers to determine acceptability of the goods and/or services the bidder provided to them. Such information may be considered in the evaluation of the bid.

K. INSURANCE COVERAGE (if applicable)

1. Insurance: Vendor will at all times, at its own cost and expense, carry and maintain the insurance coverage listed in this paragraph, in the specified minimum amounts. Vendor will provide a certificate of insurance that certifies that the policies below are in full force and effect. Vendor agrees that such policies will not be cancelled or materially altered without TOC's prior written consent. Vendor will name the TOC as an additional insured on the insurance accord.
 - a) Vendor will maintain excess catastrophe coverage at a minimum of two million dollars (\$2,000,000).
 - b) Vendor will maintain worker's compensation insurance and employer's liability insurance in compliance with the state and/or federal authority having jurisdiction over each of the Vendor's employees, with minimum coverage of at least one million dollars (\$1,000,000) for employer's liability, and statutory coverage for workman's compensation. Coverage may be self-insured.
 - c) Maintain comprehensive public liability, bodily injury and property damage insurance against any claim(s) which might occur in carrying out the Contract. Minimum coverage will be at least one million dollars (\$1,000,000) liability for bodily injury and property damage including product liability and completed operations.
 - d) Provide motor vehicle insurance for all owned, non-owned and hired vehicles that are used in carrying out the Contract. Minimum coverage will be at least one million dollars (\$1,000,000) per occurrence combined single limit for liability and property damage.

L. RECALL OFFERS

1. An authorized agent or vendor may recall an offer prior to opening, through a signed request submitted on the company letterhead, with a company official's signature and title. The recalled offer should remain in the bid file, unopened along with the recall offer.

M. CONDUCTING A BID OPENING

1. ADVERTISED SOLICITATIONS
 - a) Advertised solicitations will be publicly opened at the time, date, and place identified in the solicitation document. At the time of opening, the names of the companies, the manufacturer(s) and catalog number(s) of the item(s) offered prices, and deliveries submitted will be tabulated, and this tabulation will become public record, except as provided below.
2. LATE OFFERS, MODIFICATIONS, OR WITHDRAWALS
 - a) It is the sole responsibility of the vendor to have their offer actually delivered to the correct office on time, regardless of the mode of delivery used, including the U.S. Postal Service or any other delivery services available. No late offer or late modification will be considered unless the offer or modification would have been timely except for the action or inaction of TOC personnel directly involved in the procurement process. If TOC offices are closed due to inclement weather on a day for the scheduled deadline for bid submittal, the deadline for receipt of any reading of bids will be at the same scheduled hour on the next business day the TOC is open for business or as direct by an Addendum issued by a Procurement Officer.
 - b) Withdrawals may be requested in writing after bids are opened. The Procurement Department will review the reasons given for any withdrawal request to ensure that allowing the withdrawal would not compromise the procurement process.
3. WITNESS
 - a) The Procurement Department will open the solicitation document(s) at the pre-determined date and time, with a witness present, unless at least two bidders are present for the opening. The witness must also be a TOC employee and must sign the bid attendance opening sheet.
4. RECORDING RESULTS OF BID OPENING
 - a) All vendors in attendance must sign the bid attendance opening sheet.
 - b) Prior to physically opening the bids, explain to those in attendance that the only public information that will be shared at this time is: bidder names and prices. For Request for Proposals, only bidder's names are shared at the bid opening. Also give those present a brief explanation of the evaluation process and a rough estimate of the turnaround time before award.
 - c) Do not make any comments about addenda received or not received unless the pricing, manufacturer/model or delivery has changed.
 - d) Make sure that vendors understand that they are not to contact anyone other than the listed contact person on the solicitation during the evaluation period.
 - e) Make the vendor aware of the website where they can find the tabulations and the award when it is made.
 - f) All bids that are received by the designated bid opening time must be opened on the pre-determined date and time.
5. Bid Tabulation
 - a) Bid tabulations can be electronically retrieved from the Procurement website thirty (30) days from bid opening. Tabulations will normally be available at this web site not later than one working day after opening. Lengthy tabulations may not be available on the Procurement website, and requests for tabulations that are not publicly available cannot be honored.

6. Legal Review

- a) Each proposed contract/award recommendation exceeding \$100,000 must have had the required legal review before Procurement approves it. Procurement contracts will be reviewed by the City Solicitor.

V. EVALUATIONS

A. BASIS FOR REJECTION OF OFFERS AND NEGOTIATIONS

1. In soliciting offers, any and all offers received may be rejected in whole or in part. Basis for rejections will include, but will not be limited to the following:
 - a) The offer being deemed unsatisfactory as to quantity, quality, delivery, price or service offered
 - b) The offer not complying with conditions of the solicitation document or with the intent of the proposed contract
 - c) Lack of competitiveness by reason of collusion or knowledge that reasonably available competition was not received
 - d) Error in specifications or indication that revision would be to the TOC's advantage
 - e) Cancellation or changes in the intended project or other determination that the proposed requirement is no longer needed
 - f) Limitation or lack of available funds
 - g) Circumstances which prevent determination of the lowest responsible or most advantageous offer.
 - h) Any determination that rejection would be to the best interest of the TOC if a Department does not receive a satisfactory offer in response to a solicitation and all offers are rejected, negotiations may be conducted with any or all known sources of supply that may be capable of satisfying the requirement. If it is determined by the using Department that soliciting offers again would serve no purpose, then negotiations may be conducted. The negotiations will be conducted by the Procurement Department and/or using Department. Negotiations will be conducted in writing and will include standard language and terms and conditions issued by the Procurement Department, unless otherwise provided by rule.
2. If the negotiations are conducted with only one source, or if only one source responds to the negotiations, the reason for lack of competition or for negotiating with only one source will be documented in writing for public record. Negotiations may also be conducted under conditions that merit a waiver of competition, or in other situations that are advantageous as determined by the Procurement Manager.

B. DEBARMENT VENDOR LIST

1. The using Department which created the need for a solicitation document issuance resulting in a contract may find a vendor in default of contract for failing to perform in accordance with the contract requirements, terms and conditions. If a vendor is found in default of contract, the using Department will notify the Procurement Department. The Procurement Department in conjunction with the using Department may take action, immediate if necessary, to purchase the needed goods and/or services on the open market and charge any additional cost for the goods and/or service and expense for doing so to the defaulting vendor. If a Department finds a vendor in default, such action and the circumstances will be reported by the using Department to the Procurement Department in writing.
2. However, prior to defaulting a Vendor, the using Department will fill out and submit a Vendor Complaint Report to the Procurement Department. A Procurement Officer will facilitate a Vendor Complaint process between the Contracted Vendor and the using Department by addressing the deficiencies between both parties and allowing the Contracted Vendor a notice to cure such deficiencies. If such deficiencies are not cured within a reasonable time and are not to the satisfaction of the TOC, the TOC will follow the debarment process by providing the Contracted Vendor with a debarment letter citing the reason for debarment and time frame of debarment.

- a) This does not limit any other legal remedies that may be available to the TOC. The Procurement Department may debar the vendor from doing business with the TOC for a period of time upon a finding by the Procurement Department that no basis exists to excuse the vendor's default, that the default was material and that the default resulted in material delay or expense to the TOC.

C. EVALUATIONS PROCUREMENT

1. This procedure provides the instructions for evaluating responses to a solicitation. In determining the award of contracts, bona fide offers will be considered and evaluated as provided by applicable rules. All evaluation factors and criteria and their relative importance must be stated clearly in the solicitation document. Unless the solicitation provides otherwise, the relative importance is determined by the order in which the factors are listed.
 - a) Specific percentages for the weight of each factor are required and must be disclosed in the solicitation document. Relative strengths, deficiencies, weaknesses, and risks supporting the evaluation must be documented in the contract folder. The evaluation team will determine the final ranking of all offers under consideration using only the criteria set forth in the solicitation document.
 - b) All vendors are ranked from most advantageous to least advantageous to the TOC.
 - c) During the period of evaluation and prior to award, only the information provided in the tabulation is public record. Possession of offers, including any accompanying information submitted with the offers, will be limited to persons in the TOC who are responsible for processing and evaluating the offers and accompanying information. Vendor participation in the evaluation process will not be permitted. Any communication with a vendor that may be necessary for the purpose of clarification of its offer will be conducted by the Procurement Department. After award of the contract or when the need for the item or service is canceled, the complete file will be available to any interested party with the exception of trade secrets subject to the rules on confidentiality (See Section VI.D.2).
 - d) If the lowest price method is used, award must be made to the responsive and responsible vendor with the lowest price, if the bid meets the specifications of the solicitation (i.e., is technically acceptable).
 - e) At the conclusion of the evaluation process as defined in the bid offer, the Procurement Manager and selection committee, if applicable, may select in order of preference and ranking, two or more offerors whose qualifications and service or product are deemed the highest for oral presentations. Selection will be made of the offerors based on evaluation factors and the presentations. Price will be considered, but need not be sole determining factor.

D. CRITERIA FOR EVALUATION AND AWARD

1. This is a very important part of the solicitation document. It defines the selection process and how offers will be evaluated and awarded. It also provides for value analysis in selecting the most advantageous proposal by considering other factors besides just price, such as past performance history, qualifications, experience, technical approach used in the proposal, etc.
2. In addition to any other evaluation criteria identified in the TOC's solicitation document, the Procurement Department will consider the following factors:
 - a) Total cost to the TOC
 - b) Level of quality provided by the vendor
 - c) Protection of the TOC's information and intellectual property
 - d) Availability of pertinent skills

- e) Ability to understand the TOC's business requirements and internal operational culture
 - f) Risk factors, such as the security of the TOC's information technology
3. If references will be evaluated, the following language is to be inserted into the solicitation document, and must be followed by the evaluation team: The evaluators will randomly select at least three of the vendor's references, but the evaluators reserve the right to contact all the references listed, if information from the three references contacted warrant further inquiry. The failure of the vendor to list all similar contracts in the specified period if required may result in the rejection of the vendor's proposal. The evaluators may check public sources to determine whether the vendor has listed all required contracts for similar work within the designated period. If the evaluators determine that references for other public contracts for similar contracts were not listed, the evaluators may contact those entities to make inquiry into the vendor's performance of those contracts and the information obtained may be considered in evaluating vendor's proposal. Award of a contract to one vendor does not mean that the other proposals lacked merit, but that, all factors considered, the selected proposal was deemed most advantageous to the TOC.

E. COMPETITIVE NEGOTIATIONS

1. Negotiation offers the opportunity to change the content of an offer and pricing after opening. Negotiation is the dialogue that occurs between the TOC and a potential vendor to achieve mutually satisfactory objectives and benefits and to reconcile differences. This discussion provides the means for both parties to reach agreement on a contract's content, terms, and conditions. Competitive negotiation, properly carried out, requires skill and preparation on the part of the negotiators to achieve specific procurement objectives.
2. Some examples of when the Procurement Department may want to consider negotiating follow. This is by no means all inclusive of situations when negotiating might be appropriate.
 - a) All bids exceed the budget amount
 - b) None of the offers fully meet all requirements and it is determined that soliciting offers a second time would serve no purpose or advantage to the TOC
 - c) Best Value procedures for goods and services
 - d) Sole source quotes (for which the presumption should be that negotiation will occur)
3. Successful negotiation is based on knowing the objective of the negotiation and deciding on the tactics to use in achieving that objective. Plans for a negotiation must be made beforehand, and they typically will include:
 - a) What are the issues to be negotiated?
 - b) What specific outcome is desired on each issue?
 - c) What is the least acceptable outcome?
 - d) Are any issues a deal-breaker if negotiations are not successful?
 - e) What is the reason why the TOC is seeking the change (this should be the rationale used to persuade the vendor to agree, and it does not necessarily disclose all aspects of the TOC's situation or fully explain the TOC's motivations or needs).

F. NEGOTIATING WITH PROSPECTIVE VENDORS

1. All discussions and correspondence with a vendor that are relevant to the negotiation of contracts must be handled by a Procurement Officer and documented and included in the procurement file.

2. Negotiations are conducted with the vendors selected. Negotiation allows for the modification of proposals, including price. Offers and counter offers may be made as many times with each vendor as is necessary to secure a reasonable contract. After negotiations have been conducted with each of the selected vendors, the TOC selects the vendor which, in its opinion, has made the best proposal. In all cases, written confirmation will be obtained from the vendor on any modifications of the original proposal and made a part of the contract. When in doubt consult the Procurement Department.

G. BEST VALUE PROCUREMENTS

1. The following evaluation methods may be used when appropriate:
 - a) The intent of Best Value procurement is to enable vendors to offer and the TOC to select the most appropriate solution to meet the business objectives defined in the solicitation and to keep all parties focused on the desired outcome of the procurement.
 - b) The acquisition of information technology by the TOC will be conducted using the Best Value procurement method. For purposes of this section, business process reengineering, system design, and technology implementation may be combined into a single solicitation.
2. The following information describes the process for application of the Best Value procurement methodology:
 - a) An evaluation committee evaluates offers in accordance with the stated evaluation factors. For solicitations that include a best value ranking process, scoring and ranking may be determined by using any consistent rating methodology, including adjectival, numerical, or ordinal rankings. Relative strengths, deficiencies, weaknesses, and risks supporting the evaluation will be documented in the procurement file. Evaluation factors may include but are not limited to: Quality factors; Delivery and implementation schedule; Maximum facilitation of data exchange and systems integration; Warranties, guarantees, and return policies; Vendor financial stability; Consistency of the proposed solution with the TOC's strategic plan; Effectiveness of business solution and approach; Industry and program experience; Prior record of vendor performance; Vendor expertise with similar projects; Proven development methodologies and tools; and Innovative use of technologies.
 - b) Clarifications, communications to establish a competitive range, or negotiations may be conducted with the vendor after receipt of offers in accordance with instructions and procedures set forth in the solicitation document and as appropriate to the method of source selection chosen. In those cases where negotiation is permitted by procedures set forth in the solicitation document, vendors may be allowed to submit best and final offers subsequent to negotiated changes in the initial offer.
 - (1) The evaluation committee will determine a final ranking of all offers under consideration using only the criteria set forth in the solicitation document. All vendors will be ranked from most advantageous to least advantageous to the TOC.
 - (2) Award must be made to the responsive and responsible vendor, whose offer is determined in writing to be the most advantageous to the TOC, using all evaluation factors set forth in the solicitation. If the lowest price technically acceptable method is used, award must be made to the responsive and responsible vendor with the lowest price.

H. SCORING EXAMPLE-NUMERICAL RANKINGS

1. Example of Weighted -Numerical Ranking Evaluation

- a) It will be based on measurable and objective criteria
- b) Weight value and scoring methodology must be spelled out in the solicitation document
- c) Evaluation will be in writing for public record (after award), with individual scores from each evaluation team member or consensus scores agreed to by the team as a whole.
- d) Cost should be weighted and scored, as well as technical approach, qualifications, resources, experience, and any other criteria identified.

Example of weighted score criteria:

Technical Merit - 600 points (60%)

Cost Proposal - 400 points (40%)

Total Score = 1,000 points (100%)

Example using weighted value of 60% Technical - 40% Cost Low bid - \$ 45,200 = 400 points awarded maximum points allowed for Cost

2nd low bid - \$ 53,400

$\$ 45,200 / \$ 53,400 = 0.85$

$0.85 \times 400 = 340$ points

3rd low bid - \$ 58,100

$\$ 45,200 / \$ 58,100 = 0.78$

$0.78 \times 400 = 312$ points

I. AWARD RECOMMENDATIONS

1. Once evaluation and negotiations have been completed with the selected vendor(s), the Procurement Department will prepare a written narrative summarizing the rationale for the selected offer as well as the reasons for non-selection of offers. The summary will address the merits of the offer relative to the solicitation document and address positive or negative attributes as well as weak or non-supportive factors. When numerical points and/or percentages are used in the solicitation document, numerical and/or percentage criteria must be used in the evaluation exactly as noted in the solicitation document. Often each criterion is weighted, giving certain areas of the criteria more value relative to the award determination. Be sure that the final scores correctly reflect that weighting. Vendors may inspect the proposal records after evaluation and negotiations are complete.

J. PROCEDURE FOR TWO-STEP COMPETITIVE SEALED BIDDING

1. The process for two-step competitive sealed bidding is the same as one step, but with the following differences noted in this manual.
 - a) Under a two-step process, vendors will submit their technical offer(s) which will be evaluated (first step), and then only for those bidders determined by the Procurement Department to have an acceptable technical offer will be allowed to submit a cost proposal (second step). Cost proposals from those bidders whose technical proposals have been deemed acceptable will be publicly opened, at the time, date, and location as was stipulated in the solicitation document. There will be at least two TOC employees present at the opening.
 - b) The names of all bidders are to be announced upon opening the technical proposals. The bid price of those proposals deemed to be technically acceptable will be tabulated upon completing the cost proposals.
 - c) One original and at least two copies will be received from each bidder. Each original will be signed and dated by an official authorized to bind the firm. Unsigned proposals cannot be considered. Both the technical proposal and cost proposal must be received by the deadlines established in the solicitation document in order to be considered.

- d) No technical information will be contained in the cost proposal and no cost information will be contained in the technical proposal. If any cost information is included in the technical proposal and/or if any technical information is included in the cost proposal, the bidder's entire proposal may be rejected, if the solicitation document provides notice of this action.
- e) At their option, the evaluators may request oral presentations or discussion with any or all bidders for the purpose of clarification or to amplify the materials presented in any part of the proposal. However, bidders are cautioned that the evaluators are not required to request clarification; therefore, all proposals should be complete and reflect the most favorable terms available from the bidder.

K. POSTING BID TABULATIONS

- 1. If the amounts bid are not adaptable to being summarized, or if a summary would be misleading, a manual tabulation must be prepared and made available on request, and notice of this availability must be inserted in the comment section of the Procurement website tabulation for that particular procurement.

L. TIE BIDS

- 1. After evaluation of any competitive solicitation, in which no relevant price or non-price evaluation factor identifies a preferred bid among two or more bidders (i.e., a "tie" bid), the following order of preference will be applied to select the successful bidder:
 - a) If only one such bid is submitted by a Maryland resident bidder, then preference will be given to the bid of the Maryland resident bidder; and
 - b) In all other cases, the tie will be resolved by tossing a coin. The coin toss process must be witnessed, and the results documented in the procurement file, by the Procurement Manager or other Procurement Officer performing the toss.
- 2. Remember, no factor or criteria may be considered "relevant" unless it is identified in the solicitation document as an element that will be used in the evaluation process.

M. PARTIAL AND MULTIPLE AWARDS

- 1. Unless the solicitation document provides otherwise, partial, progressive, or multiple awards may be made by reason of insufficient funds, legislative mandates, where it is advantageous to award separately by items or where more than one vendor is needed to provide the contemplated requirements as to quantity, quality, delivery, service(s) or geographical areas.
 - a) Notwithstanding the necessity for awards to more than one vendor in the case of some term contracts, such awards will be limited to the number of vendors deemed necessary to reasonably satisfy the intended requirements. Extreme care will be exercised to protect the character and principals of competition. Quantities will not be divided among vendors on definite quantity requirements unless and except as provided in the solicitation document.

N. MAYOR AND CITY COUNCIL REVIEW AND APPROVAL

- 1. The Procurement Department will present to Mayor and City Council the following information for their review and approval:
 - a) Solicitations for award of \$100,000 and over
 - b) Procurements resulting from emergency purchases over \$25,000

2. During the Mayor and City Council meeting, the Mayor and City Council will review the proposed procurement action and either concur with the recommendation or reject it. If the procurement action is for a contract award, the Mayor and City Council must concur with the recommended vendor selection prior to the Procurement Department issuing a Notification of Award and/or Contract to the vendor. Mayor and City Council will take appropriate actions to clarify the procurement action or recommend an action different from the action in the submitted request.
3. In emergency situations or in the event that the City Manager is not available, the Procurement Manager may proceed with an award without the City Manager's approval. In those cases, the award will be reported by the Procurement Manager to the City Manager along with Mayor and City Council as a matter of record.

O. NOTIFICATION OF AWARD

1. After contracts are awarded, successful vendor(s) must be notified in writing or electronically. If the solicitation was advertised on the Procurement website then an award notice must be posted.

P. POSTING AWARD

1. The awarding of contracts will be the responsibility of the Procurement Department.
 - a) Award notification will be posted to the Procurement website within three (3) business days from award of a solicitation or within one day after execution of the contract, whichever is later. This award notice will identify the contract and award information including vendor(s) and costs. If an award is not posted within this time period, the 30-day limit for filing a protest will begin on the date the award actually is posted.

Q. CANCELTION

1. If any procurement is canceled after being posted, a cancelation notice will be posted to the Procurement website.

R. DEBRIEFING

1. Debriefing Process
 - a) As part of the procurement process the Procurement Department will include in each solicitation a statement informing vendors of the right to request a post-award debriefing. At a minimum, the debriefing should occur within five (5) business days after the vendor request but prior to contract signatures.
 - b) The Procurement Department will hold one debriefing meeting with all vendors who requested such. An official summary of the debriefing will be included in the contract file and will be included as part of any protest(s).

VI. POST AWARD ACTIVITIES

A. NOTICES TO VENDOR

1. The award notice to a vendor is made by means of a letter, on TOC Letterhead, issued by the Procurement Department.

B. NOTICE TO PROCEED

1. Notice to Proceeds is made by means of a letter, on TOC Letterhead, issued by the using Department.

C. CHANGE ORDER

1. A change order is a written document by the Project Manager/Department head directing the vendor to change the original contract amount, requirements, and/or time and may be approved provided the purchase/project is within budget.
2. Change orders that increase the original dollar value and/or scope of work above the budgeted amount are approved by the City Manager and/or Mayor and City Council. The Project Manager and the Procurement Manager will prepare a written document outlining the changes and submit this document with the Change Order Document for the City Manager and/or Mayor and City Council approval.

D. CONFIDENTIAL INFORMATION

1. All information and documentation relative to the development of a contractual document (Request for Quotes, Request for Proposals, Waiver of Competition, Negotiation, etc.) for a proposed procurement or contract will be deemed confidential in nature, except as deemed necessary by the purchaser to develop a complete contractual document. Such material will remain confidential until the award of a contract or until the need for the procurement no longer exists.
 - a) This confidentiality requirement includes all information and documentation relative to the development of a specification until the adoption of that specification or an award of contract, if developed for a specific procurement or contract, whichever is later.
2. During the period of evaluating offers and prior to award, only the information provided in the tabulation is considered a public record. Possession of and information about specific offers, including any accompanying information submitted with the offers, will be limited to persons in the TOC who are responsible for handling the offers and accompanying information, and to others determined necessary by the Procurement Department. After award of the contract, or when the need for the item or service is canceled, the complete file will be available to any interested party on making a public records request with the exception of trade secrets, subject to compliance with the following rule:
 - a) To promote maximum competition and to protect the public competitive procedure from being used to obtain information which would normally not be available otherwise, agencies may maintain the confidentiality of certain types of information. Such information includes trade secrets, as determined by Maryland law, and like information as the Procurement Manager may determine to ensure the integrity of the public Procurement process. Trade secrets which the offeror does not wish disclosed will be identified as follows: Each page will be identified in boldface at the top and bottom as "CONFIDENTIAL".

- b) Cost/Price information will not be shared publicly from previous contracts during the new solicitation process of said procurements.

E. REQUISITION APPROVAL (If Required)

- 1. Upon award of the contract, the Procurement Department will approve the requisition and subsequent Purchase Order.

F. RECEIVING

- 1. Receiving is the act of taking into possession and inspecting goods for acceptance based on the specifications required within the Procurement document. Delivery of goods and subsequent receipt is when the risk of loss or damage to the goods passes from the seller to the TOC. Goods must be inspected at the time of receipt, if possible. If all the specifications of the order are met and no damages are found, the item is received (if it is a partial shipment, make sure that fact is documented). All packing slips and any necessary paper work are submitted to the proper Department so the invoice can be paid. When damages or discrepancies are discovered, the vendor is to be immediately notified with specific information of the discrepancy.
- 2. Should the cost of goods and/or services exceed \$1,000 or 10% of the purchase order value, a new P.O. request must be processed to pay for the overage.

G. INSPECTION AND TESTING

- 1. In general, it is the responsibility of the Department to inspect all materials, supplies, and equipment upon delivery to ensure compliance with the contract requirements and specifications.
 - a) The Department must ensure that items and services purchased comply with applicable codes, statutes, local ordinances, policies or safety requirements. Where products delivered fail to meet the specifications or contract requirements, the discrepancy will be handled by the Procurement Department and/or using Department.

H. DAMAGED GOODS/HIDDEN DAMAGE

- 1. Some goods may be received without damages being obvious. The damage may not be discovered until packaging is opened, the item is installed or equipment is put into service. As soon as damage is discovered the vendor and the Procurement Department are to be notified. When notified of damaged goods received, the Procurement Department must determine, based on the freight terms specified in the purchase order, where the subsequent claim is to be filed. Damaged goods may create delays with using the Department's process and subsequently vendors should be notified of any potential impacts the using Department may incur due to the damaged goods.

I. INACCURATE ORDERS

1. When a discrepancy in part number(s), and/or products exists, the vendor should be notified immediately to resolve the inaccuracy of the order. The Procurement Department must ensure the inaccuracy does not create an issue when associated with a competitive bid whereas liquidated damages may apply. Based on the contract specifications, inaccurate orders may place the vendor in default. Either way, inaccurate orders often create inaccurate invoices that compound the problem and ultimately require a meeting between the Procurement Officer and the vendor to discuss vendor performance.

J. INACCURATE QUANTITIES

1. When a shipment is received and there is a discrepancy in quantity, the receiving department should notify the Procurement Department of the discrepancy and the type of discrepancy. Discrepancies may exist such as shipping too many or too few items, shipping the wrong part number or wrong manufacturer part, shipping a case quantity versus the actual amount ordered. The using Department should contact the vendor to resolve the quantity discrepancy and when applicable obtain credit, or the goods shorted for short shipments. When there is a case quantity shipment required, the using Department should make a note of this for future reference when ordering this same item.

K. LATE SHIPMENTS

1. If a shipment is late, the using Department should determine whether liquidated damages may apply. Late shipments should be tracked and when there are multiple occurrences of late shipments from the same vendor, discussions concerning vendor performance should be conducted between the using Department, Procurement Department, and the vendor to determine why performance is lacking and how the vendor plans to improve should they be awarded future orders. Multiple late shipments should be documented by sending the vendor a Vendor Complaint form, so further action may be taken, if needed.

L. FILE CLOSEOUT CHECKLIST

1. It is the responsibility of the Procurement Department and the using Department to ensure that the work under the purchase agreement/contract has been completed and the agreement is ready for Closeout prior to final payment. This checklist can serve as a tool to assist during that process. The Closeout file should contain all necessary documentation relative to the agreement at the time of Closeout. Final payment will never be made until all work is complete and all deliverables are received and accepted.
 - a) The purpose is to verify that both parties to the contract have fulfilled their contractual obligations and there are no responsibilities remaining. In addition, contract Closeout is the time to assess the success of the contract and determine if there are any lessons learned for future contracting.
 - b) Please remember that Federal ID Numbers and Social Security Numbers are not public information and should be destroyed, made confidential, or redacted from the file.
2. To initiate the Closeout process, the first step is to determine that the vendor has satisfactorily performed all required contractual obligations.
3. A contract is ready for Closeout when:
 - a) All deliverables, including reports, have been delivered and accepted by the TOC. The Procurement Department with the using Department should compare actual performance against performance measures, goals and objectives to determine whether all required work has been completed;
 - b) All monitoring issues have been resolved;

- c) All property inventory and ownership issues are resolved including disposition of any equipment or licenses purchased under the contract;
 - d) Final acceptance from the Project Manager has been received (if applicable);
 - e) Vendor is aware of and in compliance with records retention requirements and a plan has been developed for contract file maintenance;
 - f) Any deficiencies found as part of the Closeout process are documented and communicated to all appropriate parties; and
 - g) Final payment has been made.
4. In practice, many contracts cannot be closed out after the date the above items are all completed, because the warranty period is effective well beyond such date. Therefore, the vendor may not have “satisfactorily performed all required contractual obligations” until the end of the warranty period. Furthermore, sometimes even at that point the contract cannot be fully closed out, because it may, for example, require the vendor to “have repair parts available for years after contract award.” Records are not to be kept longer than outlined in Section VII.E.

VII. CONTRACT MAINTENANCE & RECORDS

A. PROCUREMENT FILE MAINTENANCE

1. A procurement file should be created for each procurement transaction formally solicited and completed by the Procurement Department. Each file should contain all documents relative to the procurement of equipment, goods or services. Documents that should be included, but not limited to:
 - a) Original offers, written or verbal. If written it should be on the vendors letterhead or quote form. If verbal, the Procurement Officer should create a record showing each vendors contact information, price quoted, delivery and other pertinent information pertaining to the quote;
 - b) Written, dated and signed justification for award (sole source, competitive, waiver, emergency, etc.) or cancelation; including worksheets, evaluations, tabulations (if applicable) and any related correspondence. Also include any written documentation related to negotiations as applicable. If equipment is inspected by the Procurement Department, a copy of the inspection report should be included within the file; and,
 - c) A copy of all purchase order(s), terms and conditions, and freight bills.
2. After award of contract, all material in the file, except known confidential information or material marked confidential will become public record.
3. Procurement files must be retained in accordance with the approved Records Retention Schedule for the Procurement Department and/or using Departments.

B. PUBLIC RECORDS

1. All Procurement records will be maintained in accordance with Section VII.E after the expiration date of the contract. Each file will be identified individually so it can be readily located and referenced.
2. All purchase transactions will be documented with each file containing, as applicable, the following:
 - a) Solicitation Document; bid invitation(s), general and special conditions, specifications, and bid advertisement;
 - b) Original offers if in writing, or written documentation of verbal offers received;
 - c) Reasons for award or cancelation;
 - d) Worksheets/evaluations;
 - e) Vendor list, if used;
 - f) Written justification for waiver or emergency purchase; (dated email or signed memo from the City Manager, or Procurement Manager);
 - g) Tabulation of offers received;
 - h) Procurement Checklist
 - i) Related correspondence;
 - j) Reason(s) for receiving only one offer in response to a solicitation;
 - k) Negotiated contracts; and
 - l) Reasons for not accepting technical proposals.
3. After award of contract, the Procurement Officer is responsible for reviewing and redacting any information marked confidential by the vendor prior to making the record public.
4. All information and documentation relative to the development of a contractual document (Request for Quotes, Request for Proposals, Waiver of Competition, Negotiation, etc..) for a proposed procurement or contract will be deemed confidential in nature, except as deemed necessary by the Procurement Officer to develop a complete contractual document. Such material will remain confidential until the award of the contract.

- a) This includes all information and documentation relative to the development of a specification until the adoption of that specification or an award of contract if developed for a specific procurement or contract, whichever is later.
5. During the period of evaluating offers and prior to award, only the information provided in the tabulation is public record. Possession of offers, including any accompanying information submitted with the offers, will be limited to person(s) in the TOC who are responsible for handling the offers and accompanying information, and to others determined necessary by the Procurement Department, for the purpose of evaluation and award of contract.

C. PUBLIC RECORDS REQUESTS

1. The public may request to see an awarded or canceled solicitation. This is formally called a public records request.
 - a) "Public record" or "public records" will mean all documents, papers, letters, maps, books, photographs, films, sound recordings, magnetic or other tapes, electronic data processing records, artifacts, or other documentary material, regardless of physical form or characteristics, made or received pursuant to law or ordinance in connection with the transaction of public business by the TOC.
2. The TOC is required to make available the procurement files as public records; however there are general procedures to follow concerning this request:
 - a) The public must schedule an appointment to view the files during normal working hours
 - b) All documents marked "Confidential" must be removed from the file prior to public viewing
 - c) If a request is canceled and it is anticipated to be rebid in the near future, then the canceled file will remain confidential until after an award is made.

D. REDACTED INFORMATION

1. Dollar amounts awarded to specific vendors are public information. Vendor complaint records are also public; requests for copies will be handled in the same way as copies from procurement files.
2. Redacting Documents
 - a) Each procurement officer is responsible for making sure the following process is followed when redacting documents.
 - (1) Make one (1) copy of the original document;
 - (2) Redact the protected information on the copy by using a permanent black marker; or remove the entire page from the file, if appropriate
 - (3) Copy the redacted copy (to ensure that the blacked out data cannot be "read" through the marking) and put that copy in the procurement file for inspection, and
 - (4) Place the original in a separate file, marked "Confidential," and file with the bid file name on the cover, and with the procurement file.
3. The public should not be permitted in the file storage area or be allowed to view any files without a procurement officer present.
4. The most common information that may have to be redacted in a procurement file is: social security numbers, federal taxpayer identification numbers, information marked confidential and all financial documents that are submitted by a vendor.
5. Information requested in the solicitation must also be reviewed for the foregoing numbers as well as banking, accounting information and/or such other identifying information that, if disclosed, may cause financial harm to the vendor.

E. RECORD RETENTION

1. Except where State law provides to the contrary, after the award of a contract, the Procurement records are public documents, and these documents will be maintained per the chart below entitled Record Retention Policy.
 - a) It is recommended that the contract for capital equipment purchases and for goods that may have a useful life or warranty exceeding the below guidelines, be retained by the Procurement Department for the length of the useful life and/or warranty.

Record Retention Policy:

Item	Description	Retention Period
1	Procurement Files: Contains correspondences; bid awards; purchase orders; notice to bid; bids received; specifications; rental agreements, etc.	Retain for five (5) years or until all audit requirements have been fulfilled, then destroy per the record retention policy filed with the State of Maryland.
2	Correspondences: Motor vehicle administration-problems with TOC vehicles.	Retain for three (3) years, then destroy
3	Physical Inventory Reports: Cycle inventory worksheet Annual Physical Inventory Sheets	Retain for one (1) years and until after all audit requirements have been fulfilled, then destroy Retain for three (3) years and until after all audit requirements have been fulfilled, then destroy
4	Auctions: Contains correspondences; check copies; auction list; equipment information list	Retain for three (3) years and until all audit requirements have been fulfilled, then destroy

VIII. PROTESTS & VENDOR DISPUTES

A. PROTEST PROCEDURES

1. To ensure fairness to all vendors and to promote open competition, the TOC will actively follow-up and be consistent in responding to a vendor's protest concerning contract awards.
 - a) The vendor will submit to the Procurement Manager a written request for a protest meeting which will be received by the Procurement Department within 14 consecutive calendar days from the date of the contract award. The vendor's letter will contain specific reasons and any supporting documentation for the reasons, describing why they have a concern with the award. If the letter does not contain this information, or if the Procurement Manager determines that a meeting would serve no useful purpose, then the Procurement Manager may, within 10 consecutive calendar days from the date of receipt of the letter, respond in writing to the vendor and refuse the protest meeting request. Otherwise, the Procurement Manager must notify the protesting vendor within the 10 calendar day period that a protest meeting will be scheduled.
 - b) If the protest meeting is granted, the Procurement Manager will attempt to schedule the meeting within 10 consecutive calendar days after receipt of the letter, or as soon as possible thereafter. Within 10 consecutive calendar days from the date of the protest meeting, the Procurement Manager will respond to the vendor in writing with the decision.

B. VENDOR COMPLAINT PROCESS

1. A centralized agency complaint process has been set up within the Procurement Department to handle problems that arise between using Departments and vendors. When a problem arises with a vendor, whether it is late delivery or incorrect commodities shipped, etc., the Department's first step should be to contact the vendor directly in an effort to resolve the problem. Written communication or confirmation of verbal contact is required. If the problem is not resolved satisfactorily within a reasonable time period, or it becomes a recurring problem, then this problem should be formalized on a Vendor Complaint form and sent to the vendor and the Procurement Department.
 - a) Once this information is received by the Procurement Department it will be logged. A procurement officer will then work with the vendor and the using Department to resolve the complaint and to urge the vendor to make a formal response to the complaint, if appropriate, the Procurement Department will contact the buyer at the using Department for additional information or to report progress in resolving the complaint. The information obtained from the vendor complaint report is used to determine whether or not a vendor is performing responsibly. This information may be used to recommend that a vendor(s) not be permitted to do business with the TOC. Information on the performance of a specific vendor may also be requested by a Department in making procurement decisions. The Procurement Department must have this information in writing and on file. Therefore, it is important that this tool be used, and used correctly. If there are questions concerning complaints against vendors, please contact the Procurement Department.

C. BID SPECIFICATION PROTEST PROCEDURES FOR ITEMS USING MTA FUNDING

1. Protests of specifications or solicitation documents will be received by the TOC in writing by certified mail no later than 20 (twenty) days prior to a scheduled bid opening. Protests will be fully supported with adequate technical data, test results, or other pertinent information to support the protest. At a minimum, the protest will include the name and address of the vendor, identification of the specification or project for which the protest is filed, a statement of the reason(s) for the protest and supporting exhibits, evidence or documents to substantiate the protest, and a statement of the ruling desired from the TOC. The protest will be labeled on the outside of the envelope "Attention, Specification Protest: BID (the solicitation number or project title). The protest letter will be directed to: Procurement Manager, Town of Ocean City, P.O. Box 158, Ocean City, Maryland 21843.
2. The TOC's response to protests will be postmarked by certified mail back to the vendor no later than 10 (ten) calendar days prior to the scheduled bid opening. Protests not conforming to the above requirements will not be considered. The decision of the TOC will be final except in instances of:
 - a) Violations of federal law or regulations
 - b) Violations of the TOC protest procedure or the failure of the TOC to review a complaint or protest
3. Protests based upon restrictive specifications or alleged improprieties in any solicitation, which are apparent prior to the bid opening, will be filed no later than three (3) calendar days prior to the bid opening. Any such protest will be fully supported with adequate technical data or other pertinent information to support the protest. Should a bid protest be filed, the TOC will postpone the bid opening until the protest is resolved. Notice of this postponement will be sent to all bidders who have indicated an interest in the bid. The TOC's response to the protest will be postmarked by way of certified mail no later than seven (7) days after receipt of the protest. The appeals process for protests based upon restrictive specifications will follow the procedures described in the above paragraphs.

D. BID AWARD PROTEST PROCEDURES FOR ITEMS USING MTA FUNDING

1. The TOC will notify each bidder of the intent to award a contract, after the opening and appropriate staff review of the bids. Upon reaching a selection decision, and making the appropriate notifications, the TOC will present all pertinent data and supporting documents. At this time, the TOC will seek to make the bid award. Protests will be fully supported with adequate technical data, test results, or other pertinent information to support the protest. At a minimum, the protest will include the name and address of the vendor, identification of the specification or project for which the protest is filed, a statement of the reason(s) for the protest and supporting exhibits, evidence or documents to substantiate the protest, and a statement of the ruling desired from the TOC. The protest will be labeled on the outside of the envelope "Attention, Bid Award Protest: Bid ----- (the solicitation number or project title). The protest letter will be directed to: Procurement, Town of Ocean City, P.O. Box 158, Ocean City, Maryland 21843. The decision of the TOC will be final except in instances of:
 - a) Violations of federal law or regulations
 - b) Violations of the TOC protest procedure or the failure of the TOC to review a complaint or protest.
2. Appeals to the decision of the TOC by a bidder will be in writing and received by certified mail no later than ten (10) calendar days after the TOC's decision is known or should have been known whichever is earlier. The notice of appeal will specifically state that an appeal is being made and which decision of the TOC is being appealed.
3. The initial protest will be directed to the Procurement Manager. The protest will be reviewed by the Procurement Manager, Director of Public Works and the Director of Transportation. After a complete review a decision will be rendered by and from the Procurement Manager.

4. If the vendor still feels that the protest request has not been adequately addressed, the Procurement Manager will request a meeting with the Mayor and City Council in a closed session. The Mayor and City Council will make a decision and the Procurement Manager will notify the vendor via certified mail.

IX. CONFLICTS OF INTEREST AND ETHICS/CODE OF CONDUCT

A. CONFLICT OF INTEREST

1. A conflict of interest exists when a TOC employee and/or elected official with a fiduciary responsibility is in a situation where their own self-interest and the interests of the TOC might be in conflict, e.g. when a TOC employee and/or elected official runs a business that sells something the TOC might need and has an opportunity to influence the Procurement decision.

B. CONFLICTS OF INTEREST PROHIBITED

- a) TOC officials and employees who are subject to this rule will not:
 - (1) Participate on behalf of TOC in any matter which would, to their knowledge, have a direct financial impact, as distinguished from the public generally, on them, their spouse or dependent child or a business entity with which they are affiliated.
 - (2) Hold or acquire an interest of either \$10,000 or 20 percent or greater in a business entity that has or is negotiating a contract of \$10,000 or more with TOC or is regulated by their Department, except as exempted by the commission where the interest is disclosed pursuant to the TOC Code entitled Article VII. Public Ethics and Financial Disclosure, subsection Exemptions and Modifications.
 - (3) Be employed by a business entity that has or is negotiating a contract of more than \$10,000 with TOC or is regulated by their Department, except as exempted pursuant to the TOC Code entitled Article VII. Public Ethics and Financial Disclosure, subsection Exemptions and Modifications.
 - (4) Hold any outside employment relationship that would impair their impartiality or independence of judgment.
 - (5) Represent any party, for a contingent fee, before any TOC body.
 - (6) Within one year following termination of TOC service, act as a compensated representative of a company, group, affiliation, etc. in connection with any specific matter in which he/she participated substantially as an TOC official or employee.
 - (7) Solicit gifts of any value or accept gifts of greater than \$20.00 in value from any person who has or is negotiating a contract with TOC or is regulated by their Department, except when these gifts would not present a conflict of interest as determined by the commission.
 - (8) Use the prestige of their office for their own benefit or that of another.
 - (9) Use confidential information acquired in their official TOC position for personal benefit or that of another.
2. If/When a TOC employee or elected official realizes that a conflict of interest exists they must immediately notify the Procurement Manager in regards to the conflict and the procurement.
3. For more information on Conflicts of Interest and Policies and Procedures surrounding this rule consult the TOC Code entitled Article VII. Public Ethics and Financial Disclosure.

C. ETHICS/CODE OF CONDUCT

1. In addition to the TOC Code, Agents of the TOC are expected to act in the highest ethical and moral regard when procuring goods and services for the TOC. Below are some guidelines to help TOC Agents practice the highest ethical and moral conduct during the procurement process. Agents will:
 - a) Govern themselves by the highest ideals of honor and integrity in all procurement relationships in order to merit the respect and inspire the confidence of the TOC and the public being served;
 - b) Not engage in any professional conduct involving dishonesty, fraud, or deceit or commit any act that reflects adversely on their professional reputation, integrity, or competence.
 - c) Use reasonable care and exercise independent professional judgment when conducting procurements;
 - d) Maintain and improve their professional competence and strive to maintain and improve the competence of other procurement professionals;
 - e) Abstain from personal profit through the misuse of public or personal relationships;
 - f) Identify and eliminate participation of any individual in operational situations where a conflict of interest may be involved;
 - g) Should not under any circumstance accept directly or indirectly, gifts, gratuities, or other things of value from vendors, which might influence or appear to influence procurement decisions;
 - h) Keep records of the procurement transactions, in accordance with Section VII.E, to include any important facts related to potentially contentious procurements;
 - i) Handle all procurement matters on a merit basis, and in compliance with applicable laws prohibiting discrimination in on the basis of politics, religion, color, national origin, disability, gender, age, and other protected characteristics;
 - j) Must not knowingly make any misrepresentations relating to procurement analysis, recommendations, actions, or other professional activities;
 - k) Will not seek or dispense personal favors and will handle each procurement objectively and empathetically, without discrimination.

EXHIBIT A

Town of Ocean City

Procurement Card Policy

&

Procedure Manual

July 01, 2014



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1. Purpose-

The purpose of this document is to establish policies and procedures (“Policy”) for the Town of Ocean City (“TOC”) regarding use and control of TOC Procurement Cards (“P-Cards”).

2. Definition-

This P-Card Policy applies to all TOC employees. P-Cards are to be used to provide a more efficient, cost-effective method of purchasing. Exceptions can be made by the P-Card Administrator (“PCA”) as long as the purchase is in compliance with the TOC’s Procurement Policy & Procedure Manual.

3. Procurement Thresholds

3.1. Procurements over \$5,000 on p-cards must be communicated to the Budget Manager prior to the purchase.

3.2. Procurements over \$10,000 are not authorized to be on p-cards unless permission is given by way of the p-card application.

4. Capital Projects

4.1. Capital projects are allowed on P-Cards with prior written communication to the Budget Manager.

5. Statement of Practice-

5.1. Applicability-

5.1.1. Authorized TOC employees (“Cardholder”) can use P-Cards to acquire goods and services.

5.1.2. Cardholders are identified within departments by the Department or Division Head and must complete training and sign TOC Forms prior to receiving a P-Card.

5.2. P-Card Approval Process

5.2.1. The authorized signer of statements must be the Cardholder’s direct supervisor or Department Head. In the case where a department or Division Head cannot sign the statement the next TOC employee in the chain of command must sign the statement.

5.3. Overview of Program

5.3.1. Having a P-Card account is a privilege and a responsibility for both the Cardholder and the Cardholder’s chain of command. Each Cardholder is required to keep his or her card secure.

5.3.2. Each P-Card is set up to encompass categories for types of suppliers, spending limits, account distribution and transaction information. Cardholders are responsible for assuring that the transactions are charged correctly during reconciliation at the end of the month by providing information on the log as to what the purchase(s) was made for.

5.3.3. The TOC is a tax-exempt organization. The tax-exempt identification number has been labeled on each card. The Cardholder must give this number to all suppliers at the time of any transaction to exempt payment for Maryland sales tax (“Tax”). In the event Tax is billed to the Cardholder's account, it should be rectified directly with the supplier and have the credit applied to the Cardholder’s account.

- 5.3.4. P-Cards may only be used for authorized TOC purchases. Cardholders may not make personal purchases on P-Cards.
- 5.3.5. If the P-Card is used in error reimbursements to the TOC for unauthorized purchases will be coordinated through the Cardholder's department. Reimbursement must take place within three business days of notification to Cardholder. Using TOC P-Card for personal purchases, whether or not reimbursement is made, may result in account being closed and future P-Card privileges being denied.
- 5.3.6. Purchases cannot be made which conflict with the TOC's Charter or Code on competitive bidding and Procurement.
- 5.3.7. P-Cards may be used to make purchases from vendors holding annual contracts with the TOC, provided the TOC receives the contracted pricing.
- 5.3.8. P-Cards are intended for use by the actual Cardholder. Card sharing, the practice of allowing one person to make a purchase with another person's card is not allowed. In limited situations it is acceptable for a Cardholder to make a purchase on behalf of a member or members of the same department, as long as the Cardholder is the one making the purchase. (Examples: Booking travel or paying for registration or membership for persons in the same department.)
- 5.3.9. Original receipts must be secured by the Cardholder for each transaction made. Cardholders must submit the e-mail confirmation for purchases made on the Internet. All receipts must specify what was purchased, quantity, price and date/time of transaction, and vendor information.
- 5.3.10. When purchases are made by phone or fax, the Cardholder should confirm the total cost including shipping and handling and request a receipt. All items purchased by telephone or Internet that require shipping, must be sent to a TOC address only. Supporting documentation for on-line purchases must always include a web receipt or an e-mail acknowledgement with the purchases itemized.
- 5.3.11. If a Cardholder receives a travel advance for meals and incidentals, the meals charged on P-Cards are part of the refund due the TOC when the expense report is filed. If a Cardholder does not take a travel advance, meals charged on P-Cards would not be part of the TOC's reimbursement to the Cardholder and/or employee.
- 5.3.12. Receipts for meals/food and catering purchases must state applicable program that purchase supports.
- 5.3.13. Split transactions, dividing a larger transaction in smaller amounts to avoid the pre-set, single transaction limit, are prohibited. Cardholders should seek approval from the PCA to override the transaction limit rather than allowing a split transaction.
- 5.3.14. When a credit is due for a returned purchase, the Cardholder should present the merchant a receipt from the original transaction and request that credit be applied to the Cardholder's account. In situations where a merchant is unable or unwilling to credit the P-Card account, the Cardholder receiving a store credit must give the credit to the Cardholder's department or Division Head, who will make sure the credit, is used for an authorized TOC purchase. The department liaison will track information on store credits. In no case may a Cardholder return an item for a cash refund.
- 5.3.15. Cardholders will dispute charges unless a liaison is used. If a liaison is used, disputed transactions must be reported to the Cardholder's department liaison.

- 5.3.16. Cardholder will submit the monthly statement, original receipts, and log (“Packet”) to the Cardholder’s department liaison within three (3) working days after the billing cycle closes.
- 5.3.17. Cardholder and/or liaisons must attend an annual training updates of the P-Card Policy. The PCA will coordinate training.

5.4. Issuance & Termination

- 5.4.1. Accounts will be set up by the PCA upon receipt of a completed Policy, signed by applicant’s department liaison (if necessary), end user, and department or Division Head. Application includes transaction limits and default accounting information.
- 5.4.2. Accounts will not be set up for non-TOC employees.
- 5.4.3. P-Cards will be issued by the PCA when the Cardholder completes a mandatory training session with the PCA, and signs all required documents in the Policy.
- 5.4.4. P-Cards are issued for a specified time period as stamped on each card.
- 5.4.5. A renewal card is issued upon expiration of an existing card, provided the expiring card is returned to the PCA.
- 5.4.6. If a new account is set up for an existing Cardholder, a new Cardholder agreement must be signed before the new card is issued.
- 5.4.7. The Cardholder’s account will be closed if Cardholder ends employment with the TOC or if Cardholder’s Department or Division Head notifies the PCA, in writing, that the card is no longer needed. The PCA will secure cards from the Cardholders department liaison whose accounts are closed.
- 5.4.8. It is the responsibility of the Cardholder’s department liaison to report, to the PCA, the termination or transfer of an employee who has been issued a P-Card as soon as the information is available.
- 5.4.9. A Cardholder’s account may be closed for violation of these policies.

5.5. Responsibilities

- 5.5.1. The Cardholder will:
 - 5.5.1.1. Ensure transactions are supported by an original receipt.
 - 5.5.1.2. Allocate all transaction on monthly statement by the fifth business day following the end of the billing cycle.
 - 5.5.1.3. If necessary, notify department liaison of need for re-allocations in writing within three (3) business days following close of the billing cycle.
 - 5.5.1.4. Maintain security of the P-Card and its related card number and expiration date, including immediately reporting a lost or stolen P-Card to issuing Bank with notification to the PCA.
 - 5.5.1.5. Inform the merchant that your purchase is exempt from Tax.
 - 5.5.1.6. Inform the merchant if the purchase is being made under an annual contract.
 - 5.5.1.7. Put the p-card packet together to include the statement, original receipts, and the allocation report.
 - 5.5.1.8. Sign the statement and send it to the Liaison or Department Manager or Director.
- 5.5.2. The Department Liaison, if used, will :
 - 5.5.2.1. Review the monthly Cardholder’s statement and signoff on workflow to show approval of all purchases. Forward statement to division or department head for final approval.

- 5.5.2.2. Initiate requests for overrides and/or increase in transaction limits upon department head approval.
 - 5.5.2.3. Notify the PCA when a Cardholder transfers to another department or his/her employment with the TOC terminates.
 - 5.5.2.4. Work with the PCA in administrating the program and in complying with this Policy.
 - 5.5.2.5. Reallocate charges to appropriate accounts.
 - 5.5.2.6. Ensure Packet is accurate and includes all valid information (statement, original receipts, allocation report, etc.).
 - 5.5.2.7. Submit Packet to department head by the seventh working day of the month following the end of the billing cycle.
- 5.5.3. The Department Head will:
- 5.5.3.1. Review the Cardholder's packet to ensure information is accurate and in accordance with this Policy.
 - 5.5.3.2. Work with the cardholder and/or department liaison to ensure the appropriate approvals, signature, documents, policies, and procedures are followed.
 - 5.5.3.3. Sign the statement and send the completed Packet to the Finance Department.
- 5.5.4. The PCA will:
- 5.5.4.1. Update the P-Card Policy as necessary.
 - 5.5.4.2. Enter card applications in the bank/card provider software as well as in the AS400.
 - 5.5.4.3. Issue new and replacement cards and collect expired cards and cards for closed accounts.
 - 5.5.4.4. Provide appropriate training and documentation.
 - 5.5.4.5. Perform monthly compliance reviews of p-card packets to ensure accuracy and that no fraud or misuse is occurring.
 - 5.5.4.6. Facilitate overrides and increase in transaction limits.
 - 5.5.4.7. Review the Single Transaction Limit Report periodically.
 - 5.5.4.8. Monitor P-Card usage.
 - 5.5.4.9. Answer any and all questions, concerns etc. about the P-Card program, policy, training, etc.
 - 5.5.4.10. Oversee destruction of inactive cards.
 - 5.5.4.11. Maintain financial relationship with bank/card provider.
- 5.6. Recordkeeping**
- 5.6.1. The Cardholder is responsible for all charges on his/her monthly statement, including resolution of charges made in error. After final review is completed by the Cardholder, all necessary original receipts and packing slips are attached, log is attached, and statement is signed by the Cardholder and/or department liaison, and Department or Division Head and ensures the completed Packet is forwarded to Finance by the tenth working day of the month following the close of the billing cycle.
- 5.7. Card Application Policies**

- 5.7.1. The Cardholder must carefully read the Policy then read and sign Cardholder P-Card Acknowledgement and Agreement and P-Card Agreement to Accept the TOC's P-Card ("TOC Forms"), administered by the PCA. The Cardholder's department liaison must sign TOC Forms and send to the PCA.
- 5.7.2. To obtain a card, receive approval from your department head, read this Policy, sign all TOC Forms administered by the PCA that are indicated as needing to be completed by the Cardholder, attend training, and send all signed TOC Forms to the PCA. The address to be used on the application should be that of the TOC building the TOC employee works at.
- 5.7.3. Applicant's department liaison will provide the applicant with the appropriate account information.
- 5.7.4. The Cardholder, Cardholder's department liaison, department head must sign the application. The PCA will process all applications.

5.8. Contracted Goods/Services

- 5.8.1. When the TOC has contracts in place for goods or services those contracted suppliers are to be used by the Cardholder. The Procurement department can provide a listing of contracted suppliers and the goods or services covered under the agreements.

5.9. Examples of Where the Procurement Card Will NOT Be Used

- 5.9.1. Gift cards and/or gift certificates, unless prior approval is received, by the Department Head or Division Head
- 5.9.2. Any product or service considered an inappropriate use of TOC funds
- 5.9.3. Capital equipment
- 5.9.4. Any items for personal use

5.10. Payment

- 5.10.1. Prior to the fifth business day after the end of the billing cycle, all charges that did not get allocated to the proper account will default to the default account. The Cardholder must request the department liaison to allocate the improper allocation to the appropriate account before submitting the Packet to the PCA.
- 5.10.2. The Finance Department will submit payment to the bank by the 15th of every month for the prior month's transactions.
- 5.10.3. All charges listed on the monthly statement are paid and all credits taken, except for those items that are in dispute.

5.11. Security

- 5.11.1. Cardholders are responsible for their own cards and must maintain possession of them.
- 5.11.2. A Cardholder may not allow another employee to use his/her card.
- 5.11.3. The TOC has selected certain merchant codes which will be blocked for normal transactions by TOC employees. To use a blocked code, the Cardholder's department head must notify the TOC's PCA requesting the override.
- 5.11.4. Exceptions or overrides of transaction limits for an individual purchase must be approved by the Cardholder's Department Head and the PCA.
- 5.11.5. Temporary or permanent increases in transaction limits or in the type of merchants that a Cardholder may use must have approval of the Cardholders' Department Head. Except for emergency situations, in which, the Finance Administrator will identify and approve cards that need their credit limit increased temporarily.

- 5.11.6. It is the Cardholder's responsibility to report a lost or stolen card to the Bank with notification to the PCA. The Bank will deactivate the credit card and secure a new card for the affected employee. Repeated failure to prevent a card from being lost or stolen may result in the account being permanently deactivated.
- 5.11.7. Cards that are not used for a six-month period will be deactivated, unless continued activation is requested in writing by the Cardholders' department liaison.
- 5.11.8. If a Cardholder transfers from one department to another the Cardholder's account will be deactivated and a new application will need to be completed if the Cardholder's new Department Head or Division Head requests the Cardholder to have a P-Card.
- 5.11.9. Evidence of fraud or gross misuse may result in prosecution and termination.

5.12. Credit Types and Authorization Levels

Card Type	Monthly Limit	Single Limit	# of Trans	Cardholders	Uses	Authorization
Procurement Card	\$5,000.00	\$2,500.00	10	As delegated by a Department or Division Head	General low \$ Procurement needs	Department or Division Head
Manager/Direct or Procurement Card	\$20,000.00	\$20,000.00	10	Manager or Division Head	All Procurement, Group travel, etc.	Procurement Manager
Department Card	\$10,000.00	\$10,000.00	10	Department Liaison	Department related needs (training classes, certifications, certain travel, etc.)	Department or Division Head
Ghost Card	Various	Various	Various	Account is assigned for a specific vendor by the Procurement Department. Each account statement is reviewed and signed by an authorized TOC employee.	Repetitive expenditures to a single vendor for the same transactions, such as office supplies, auto parts, energy, etc.	Must have a signed contract and authorized approval

- 6. **PURCHASING CARD FORMS**
 - 6.1. [P-CARD CARDHOLDER FORM MTL \\$5K \\$2.5K STL](#)
 - 6.2. [P-CARD CARDHOLDER FORM MTL \\$10K \\$5K STL](#)
 - 6.3. [P-CARD CARDHOLDER FORM MTL \\$20K \\$5K STL](#)

END USER FORMS

END USER PROCUREMENT CHECKLIST

EMERGENCY PROCUREMENT

NON COMPLIANCE PROCESS

QUOTE FORM

SOLE SOURCE JUSTIFICATION

VENDOR COMPLAINT REPORT

W-9

Note: All forms are located in S:/Procurement Forms

Glossary of Terms:

Acceptance: Indication that an offeree is bound by the terms of the offer.

Accountability: The principle that employees who accept an assignment and the authority to carry it out are answerable to a superior or a higher authority for the outcome.

Acquisition: As defined under FAR 2.101: Acquiring by contract, with appropriated funds, supplies or services (including construction) by and for the use of the Federal Government, through purchase or lease, whether the supplies or services already exist or must be created, developed, demonstrated, and evaluated. The process of obtaining supplies, services, or construction through purchase, lease, or grants.

Add Alternate Bid: A Bid that states an amount which must be added to the quoted price if a specified change in the scope of work is accepted by the owner of the project.

Addendum/Addenda: A written change, addition, alteration, correction or revision to a bid, proposal or contract document. Addendum/Addenda may be issued following a pre-bid/pre-proposal conference or as a result of a specification or work scope change to the solicitation.

Advertise/Advertising: To make a public announcement or legal notice of a forthcoming solicitation with the aim of increasing the response and enlarging the field of competition; often required by law or policy.

Agent: A person authorized by a superior, i.e. principal, to act for him or her.

Aggregate: To gather or collect quantities of a specific item (product or service) in order to achieve savings by leveraging economies of scale. An enabler of the economic theory that the larger the quantity the smaller the unit price.

Agreement: An understanding, usually in writing, between two or more competent parties, under which one party agrees to certain performance as defined in the agreement and the second party agrees to compensation for the performance rendered in accordance with the conditions of the agreement.

Alternative (Alternate) Bid/Proposal:

A response to a bid or proposal that does not meet the exact requirements of the specification or scope of work but offers an alternative for consideration.

Ambiguity: Contract language that is capable of being understood to have more than one meaning. Such language is generally subject to more than one interpretation.

American Institute of Architects (AIA): A national professional society founded in 1857 whose members are licensed architects, graduate architects or retired architects.

Asset: An amount recorded on a vendor's balance sheet representing the value of property owned by or debts owed to the vendor. Assets may be cash, near-cash, or non-monetary.

Auction: A public sale in which property or items of merchandise are sold to the highest bidder. **Authority:** The right to perform certain acts or prescribe rules governing the conduct of others.

Award: The acceptance of a bid or proposal; the presentation of a purchase agreement or contract to a bidder or offeror.

Best and Final Offer (BAFO): In a competitive negotiation, the final proposal submitted after negotiations are completed that contains the proposer's most favorable terms for price, services and products to be delivered. Sometimes referred to as BAFO and utilized during the Request for Proposal method of procurement.

Best Practice: A business process, activity or operation that is considered outstanding, innovative or exceptionally creative by a recognized peer group.

Best Value: An assessment of the return which can be achieved based on the total life cycle cost of the item; may include an analysis of the functionality of the item; can use cost/benefit analysis to define the best combinations of quality, services, time, and cost considerations over the useful life of the acquired item, a procurement method that emphasizes value over price.

Bid: The response submitted by a bidder to a formal solicitation.

Bid Bond: An insurance agreement, accompanied by a monetary commitment, by which a third party (the surety) accepts liability and guarantees that the bidder will not withdraw the bid.

Bidder: One who submits a response to an invitation for bid (IFB).

Bidders' List: A listing of names and addresses of vendors from whom bids, proposals or quotations can be solicited. The list is generally retained in a retrievable data base.

Bid File: A file containing the individual bids from all vendors solicited by the Invitation for Bids (IFB).

Bid Opening: The official process in which sealed bids are opened, usually in the presence of one or more witnesses, at the time and place specified in the invitation for bid.

Bid Tabulation: A public document listing all vendors who received a copy of the Invitation for Bid (IFB), with a list of all items in the IFB, and showing unit prices for each item for each bidder. Solicited vendors not responding to the IFB are shown as "no bid."

Blanket Order: An agreement to purchase a given quantity of specific goods over a specified period of time, usually one year.

Brand: A name, term, symbol, design, or any combination of these that identifies a seller's products and distinguishes them from competitive products.

Brand Name: A name that serves to identify a manufacturer's product and may be protected by a trade name or trademark.

Brand Name (or Equivalent) Specification: A descriptive form of specification whereby the commodity or product is described by a unique identifier specific to a particular seller or manufacturer that distinguishes it from its competition.

Bribe: Money or favor given or promised in order to influence the judgment or conduct of a person in a position of trust.

Bribery: The crime of offering, giving, receiving, or soliciting anything of value to influence action of an official or in the discharge of a public duty.

Budget: A financial statement that projects income and/or expenditures over a specified period, sometimes referred to as a fiscal year.

Buyer: A purchaser or procurer of products and services. This title may also refer to an individual who is responsible for the procurement activities of an entity.

Capability: The ability of a bidder to fulfill the contract at time of award.

Capital: Final goods produced for use in the production of other goods, e.g. equipment, buildings.

Certificate of Non-Collusion: A document that may be required, usually by public purchasers, affirming that the bid/offer is made freely and without collusion with another vendor.

Change Order: A written alteration that is issued to modify or amend a contract or purchase order.

Claim: A written assertion or demand, by one of the parties to a contract, which seeks, as a contractual right, payment of money, adjustment of contract terms, or other relief, for injury, loss, or damage arising under or relating to the contract.

Code of Ethics: A guide to acceptable and ethical behavior as defined by an organization or public body.

Collusion: When two or more parties act together secretly to achieve a fraudulent or unlawful act.

Commodity: Something useful that can be turned to commercial advantage; anything that can be processed and resold.

Commodity Code: A system of words and numbers designed to identify and list commodities or services by classes and subclasses.

Competition: A rivalry among businesses for sales to potential customers. The effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms (including price).

Competitive Bidding: The process of inviting and obtaining bids from competing sources in response to advertised competitive specifications, by which an award is made to the lowest and best bidder meeting the specifications.

Competitive Sealed Bidding: Preferred method for acquiring goods, services, and construction for public use in which award is made to the lowest responsive and responsible bidder, based solely on the response to the criteria set forth in the IFB; does not include discussions or negotiations with bidders.

Confidential Information: Information, such as trade secrets or test data, which is made known only to those who need to know, only because of a compelling reason.

Conflict of Interest: A clash between the public interest and the private pecuniary interest of the individual concerned.

Consortium: A group of purchasing entities that force purchasing of selected products and services used by the group.

Construction: The process of utilizing labor to build, alter, repair, improve, or demolish any structure, building or public improvement; generally does not apply to routine maintenance, repair, or operation (MRO) of existing real property.

Consultant: To work or serve in an advisory capacity.

Consulting Services: Services of an advisory nature required to support policy development, decision-making, administration, or management of a business or public entity; generally provided by individuals or organizations who possess specific knowledge, technical skills or unique abilities not usually available in-house or from within the entity.

Contract: A contract is an obligation, such as an accepted offer, between competent parties upon a legal consideration, to do or abstain from doing some act.

Contract Administration: Following the award of a contract, the management actions that must be taken to assure full compliance with all of the terms and conditions contained within the contract document, including price.

Contract Award: The final agreement on the terms and conditions of a contract between a buyer and seller.

Contract Management: The overarching process that a governmental Department will use to ensure that the vendor has performed in accordance with the performance standards contained within the statement of work (SOW) or the Performance Work Statement (PWS).

Debarment: To prohibit a seller/vendor from bidding on future requirements for cause for a certain period of time.

Delivery: The physical transfer of possession from one person to another, as from a carrier, vendor, or vendor to the purchaser.

Disposal: To remove an item of inventory or a capital asset from an organization in accordance with disposal and accounting procedures.

Disposition: Transferring, trading-in, selling, or destroying goods that are excess property, surplus property, or scrap.

Dispute: A contractual disagreement or misunderstanding between contracting party's specific to contract provisions or language.

Emergency Purchase: A purchase made due to an unexpected and urgent request where health and safety or the conservation of public resources is at risk. Usually formal competitive bidding procedures are waived.

Ethics: A principle of right or good conduct or a body of such principles.

Evaluation: A review process used to make a determination. In service contracting, a methodology used to determine the successful proposer/offeror which may include subjective criteria and scoring.

Evaluation Committee/Team: A component of the Request for Proposal (RFP) process, whereby a committee is established to conduct interviews and negotiations during proposal evaluation for a specific product or service.

Evaluation Criteria: Generally used in the Request for Proposal (RFP) method. Qualitative factors that an evaluation committee will use to evaluate/score a proposal and select the most qualified proposer/offeror.

Evaluation Factors: In competitive negotiations, those factors specified in the RFP that will be considered in determining to whom a contract will be awarded.

Excess Property: Any supplies or equipment, other than expendable supplies having a remaining useful life, which are no longer required by the Department in possession of the material.

Formal Bid/Solicitation: A bid which must be submitted in a sealed envelope and in conformance with a prescribed format to be opened in public at a specified date and time.

Free on Board (F.O.B.) Destination: Title changes hands from the vendor to the public entity at the destination of the shipment when the public entity signs for the goods; the vendor owns the goods in transit, assumes responsibility for carrier selection and files any claims for damages incurred during this period. It does not address the responsibility for the cost of transportation (freight charges) which must be specified with the inclusion of additional language.

Free on Board (F.O.B.) Origin: Title changes hands from the vendor to the public entity at the origin of the shipment.

General/Standard Terms and Conditions: The section of a solicitation that contains clauses that deal primarily with the contractual obligations of the parties to a contract; a part of the boilerplate of a bid or contract document.

Generic (Name): Related to or characteristic of a whole group or class; not protected by trademark registration.

Gift: Something of economic value given to a public official or the public official's relative without valuable consideration of equivalent value.

Indemnify: To protect against hurt or loss; to exempt from incurred penalties or liabilities.

Informal Bid/Proposal: A competitive bid, price quotation or proposal for supplies or services that is conveyed by a letter, fax, e-mail or other manner that does not require a formal sealed bid or proposal, public opening or other formalities.

Information Technology (IT): An all-encompassing term that refers to the devices used for creating, storing, using, or exchanging information, and to the design and practical application of the devices themselves.

Inspection: Examining and testing supplies or services to determine whether they conform to contract requirements. Comparing material and services received to the specifications.

Insurance: A contract between an insurance company and a person or group which provides for a monetary payment in case of a covered loss, accident, death or other insurable exposure.

Intellectual Property: Includes inventions, patents, copyrights, trade secrets, trademarks, technical data, and industrial designs that are generally protected and proprietary.

Inventory: A detailed list of articles of property or goods held for sale or lease or furnished under service contracts, or raw materials or work in process or materials used or consumed.

Invitation for Bid (IFB): All documents used to solicit competitive or multi-step sealed bids.

Invoice: A written account or itemized statement, addressed to the purchaser, of merchandise shipped or services performed, together with the quantity and the prices and other charges.

Kickback: The payment of something of value to an individual with the goal of persuading or influencing his or her decision or performance in a certain situation.

Late Bid/Proposal: A bid, proposal, withdrawal, or modification received, at the designated place for receipt, after the established due date and time.

Letter of Credit: A document issued by a bank or lending institution authorizing the bearer to draw a specific amount from the bank or its agents.

Leveraged Spend: the technique of taking pieces of spend, normally from various departments and/or account, for goods and services and aggregating them to receive pricing discounts.

Liability: A debt or an obligation to make future payment.

Life Cycle Cost (LCC): The total cost of ownership over the life span of the asset.

Line Item: An item of supply or service, specified in an invitation for bid or request for proposal, for which the bidder must bid a separate price.

Liquidated Damages: Damages paid usually in the form of a monetary payment, agreed by the parties to a contract which are due and payable as damages by the party who breaches all or part of the contract.

Lowest Responsive and Responsible Bidder: The bidder who fully complied with all of the bid requirements and whose past performance, reputation and financial capability is deemed acceptable and has offered the most advantageous pricing or cost benefit, based on the criteria stipulated in the bid documents.

Lump Sum: An aggregate or lot price which may represent the total price for a group of items in place of or in addition to unit prices for each individual item.

Maintenance: The upkeep of property that neither adds to its permanent value nor prolongs its intended life appreciably, but instead keeps it in an efficient operating condition.

Minority-Owned Business Enterprise (MBE): A business which is owned or controlled by a member of a recognized minority group, as defined by the public entity.

Multiple Award: Contracts awarded to more than one vendor for comparable supplies and services. Awards are made for the same generic types of items at various prices. Usually the result of aggregated line item bids of similar product categories.

Negotiate: To communicate or confer with another party to reach an agreement or compromise to settle some matter.

Negotiation: Conferring, discussing, or bargaining to reach agreement in business transactions.

No Bid: A response to an IFB (Invitation for Bid) stating that the respondent does not wish to submit a bid; functions to prevent suspensions from the bidders list for failure to show active interest or submit bids.

Notice to Proceed (NTP): A notice issued to the successful bidder advising them that it is the government's intent to award a contract.

Obsolete Supplies/Equipment: Items that are out of date, no longer in use or are effectively unusable; examples: 8 track audio tapes, 5-1/4 floppy computer disks.

Offer: A response to a solicitation that, if accepted, would bind the offeror to perform the resulting contract.

Offeree: The person/entity to whom an offer is made usually in response to a Request for Proposal.

Offeror: The person/entity who submits a proposal in response to a Request for Proposals (RFP). One who makes an offer in response to a solicitation.

Partial Shipment/Delivery: A delivery made against a purchase order or contract which is less than the quantity ordered.

Payment Terms: The terms applicable to the payment including any discount.

Performance: The technical, operational, and quality characteristics of the end item.

Performance Specifications: A description of a product or service that provides a general functional recital of performance characteristics required to achieve an end result or outcome desired.

Piggy Back- A form of intergovernmental cooperative purchasing in which an entity will be extended the pricing and terms of a contract entered into by a larger entity.

Policy: A governing principle or plan which establishes the general parameters for the organization to follow in carrying out its responsibilities.

Post-Award Activities: Activities that ensue after the contract has been awarded which ensures that the buyer receives what was ordered on time and at the price and quality specified

Pre-Bid/ Pre-Proposal Conference(Meeting): A meeting held by the buyer with potential bidders/offerors, prior to the opening of the solicitation for the purpose of answering questions, clarifying any ambiguities and responding to general issues in order to establish a common basis for understanding all of the requirements of the solicitation.

Preference: An advantage given to bidders/offerors in a competition for contract award which may be granted based on pre-established criteria such as ethnicity, residence, business location, origination of the product or service, business classification (e.g., small business) or other reasons.

Procedure: The detailed series of related activities that must be completed, and the order in which they must be done, to accomplish a given task.

Procurement: Purchasing, renting, leasing, or otherwise acquiring any supplies, services, or construction; includes all functions that pertain to the acquisition, including description of requirements, selection and solicitation of sources, preparation and award of contract, and all phases of contract administration..

Procurement Card: A payment method whereby internal customers are empowered to deal directly with vendors for purchases using a credit card issued by a bank or major credit card provider.

Procurement Methods: Methods by which goods, services, or material may be acquired by public purchasers.

Procurement Officer: Any person duly authorized to enter into and administer a contract and make written determinations and findings thereto.

Professional Services: Services rendered by members of a recognized profession or possessing a special skill.

Proposal: A proposal is a document submitted by a vendor in response to some type of bid solicitation to be used as the basis for negotiations or for entering into a contract.

Proprietary (Information): Owned by a private individual or corporation under a patent, copyright, trademark or other exclusive right.

Protest: An oral or written objection by a potential interested party to a solicitation or award of a contract, with the intention of receiving a remedial result.

Public Bid Opening: The process of opening and reading bids at the time and place specified in the solicitation and in the presence of anyone who wishes to attend.

Purchase Order: A purchaser's written document to a vendor formalizing all the terms and conditions of a proposed transaction, such as a description of the requested items, delivery schedule, terms of payment, and transportation.

Qualified Products List (QPL): A list of items (products) that have been examined and tested and have satisfied all applicable qualification requirements.

Quality: In absolute terms, quality is a function of excellence, intrinsic value, or grade, as determined over time by society generally or by designated bodies in specialized fields.

Quote: An informal purchasing process which solicits pricing information from several sources.

Quotation: A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser; may be non-binding if solicited to obtain market information for planning purposes.

Receiving: The function of accepting from all sources all items of supply used in the organization.

Receiving Inspection: Comparing material and services received to the specifications.

Reciprocity: The act of buying from or selling to another business in return for sales or purchases from the first organization.

Reference: A component of due diligence to determine the capability of performing contractual requirements whereby previous businesses are contacted concerning the potential vendors skills, qualifications and capabilities.

Request for Information (RFI): A non-binding method whereby a jurisdiction publishes via newspaper, internet, or direct mail its need for input from interested parties for an upcoming solicitation.

Request for Proposal (RFP): The document used to solicit proposals from potential providers for goods and services (Offerors). Price is usually not a primary evaluation factor.

Request for Quotation (RFQ): A small order amount purchasing method.

Requisition: An internal document by which a using Department sends details of supplies, services, or materials required to the Procurement Department.

Responsible Bidder/Offeror: A vendor, business entity or individual who is fully capable to meet all of the requirements of the solicitation and subsequent contract.

Responsive Bidder/Offeror: A vendor, business entity or individual who has submitted a bid or proposal that fully conforms in all material respects to the IFB/RFP and all of its requirements, including all form and substance.

Risk: The chance of injury, damage or loss; the probability of some occurrence (e.g., a failure) and the consequences and impact of the occurrence.

Salvage: Property having some value in excess of its basic material content or scrap value, but is in such condition as to be no longer usable, and its repair or rehabilitation for use is clearly impractical.

Sample: One or more units selected from the material or process lot and represented as a specimen of quality.

Scope of Work: A detailed, written description of the conceptual requirements for the project contained within a Request for Proposal.

Sealed Bid: A formal submission from a bidder/offeror submitted in response to an invitation to bid (ITB).

Service Level Agreement (SLA): An agreement between the Application Service Provider (ASP) and the user to determine the scope of work to be provided by the ASP.

Service/Services Contract: An agreement calling for a vendor's time and effort.

Single Sourcing: A procurement decision whereby purchases are directed to one source because of standardization, warranty, or other factors, even though other competitive sources may be available.

Small Purchase: Any procurement not exceeding a given upper monetary limit, as established by law, regulation, executive order, etc.

Sole Source Procurement: A situation created due to the inability to obtain competition.

Sole Sourcing: Selection of one particular vendor to the exclusion of all others.

Solicitation: An invitation for bids, a request for proposals, telephone calls or any document used to obtain bids or proposals for the purpose of entering into a contract.

Sourcing: The identification and selection of the vendor whose costs, qualities, technologies, timeliness, dependability, and service best meet the organization's needs.

Specification: A precise description of the physical or functional characteristics of a product, good or construction item.

Spend Analysis: The process of collecting, cleansing, classifying and analyzing expenditure data from all sources within the organization (i.e. purchasing card, eProcurement systems, etc.). **Standard:** Level of quality accepted as norm; a level of quality or excellence that is accepted as the norm or by which actual attainments are judged.

Standardization: The adoption of a single product or group of products to be used by different organizations or all parts of one organization.

Stock: An item maintained on hand in a supply system to meet future needs. May be held in an inventory control system and issued on demand.

Stop Work Order: Written notice to the vendor to immediately stop all work and work cannot resume until the stop work order is removed.

Strategic Sourcing: A systematic continuous improvement process that directs supply managers to assess, plan, manage, and develop the supply base in line with the Department's stated objectives.

Surety: A pledge or guarantee by an insurance company, bank, individual or corporation on behalf of the bidder/offeror which protects against default or failure of the principal to satisfy the contractual obligations.

Surplus: Results in an overstock situation when the quantity of goods on hand exceeds the quantity of goods needed.

Supply Quantity Allocations: The quantity of a single item from the Central Warehouse that are allocated to a Department in one stock order request.

Tabulation of Bids/Responses: The recording of responses to bids and proposals for the purposes of comparison, analysis and record keeping.

Negotiated Contract: A type of contract in which a source of supply is established for a specified period of time for specified services or supplies; usually characterized by an estimated or definite minimum quantity, with the possibility of additional requirements beyond the minimum, all at a predetermined unit price.

Terms and Conditions (T's and C's): Standard boilerplate language that includes standard clauses and rules which apply to bids and offers formally solicited that may become incorporated into the final contract.

Total Cost of Ownership (TCO): A measure of all of the cost components associated with the procurement of a product or service.

Transparency: In an ethical context, the idea that the more information disclosed about a business, financial or economic activity the better.

Two-Step Procurement: A combination of competitive procedures designed to obtain benefits of sealed bidding when adequate specifications are not available.

Using Department: A unit of government that requisitions items through a central purchasing organization.

Value Analysis: An organized effort directed at analyzing the functions of a product or service including specifications, standards, practices and procedures with the intent to satisfy the required function at the lowest possible cost without impacting functional need and suitability.

Vendor: A vendor/seller of goods and services.

Vendor Complaint Form: A form completed by the using Department to document unacceptable vendor performance.

Waiver of Bids: A process, usually statutory, whereby a government purchasing office may procure items without formal bidding procedures because of unique circumstances related to that particular action.

Warranty: A promise made by a seller to a buyer that is legally enforceable. The promise may be expressed or implied and is legally binding.