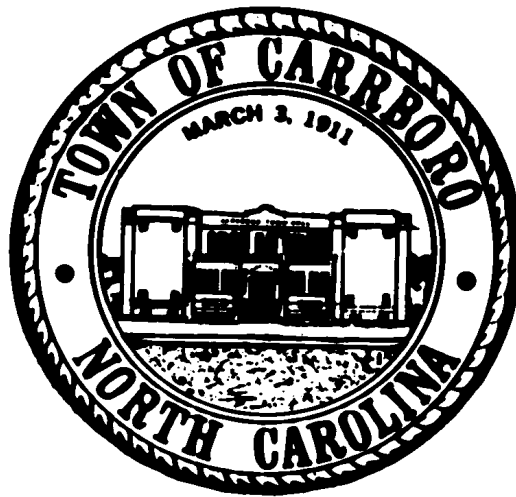


# **Town of Carrboro Purchasing Policy and Contract Procedures Handbook**



Adopted Effective \_\_\_\_\_  
David Andrews, Town Manager

Town of Carrboro  
Purchasing Policy and Contract Procedures Handbook

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# Town of Carrboro

## Purchasing Policy and Contract Procedures Handbook

*The Purchasing Policy and Contract Procedures Handbook shall be a part of the Town's centralized policy and procedure manual and followed in strict accordance to the rules and procedures set forth herein. This Handbook replaces the Purchasing Manual and Contracts and Procedures Manual previously adopted. The Finance Officer has been assigned responsibility for oversight, management and updating of the policies and procedures in this Handbook.*

### **PURPOSE**

This handbook was developed as a resource for Town of Carrboro employees, advisory boards and commissions to become familiar with key policies and procedures for procuring commodities, goods, services, equipment, and construction projects. An understanding of how the Town is required to conduct its business in relationship to applicable laws pertaining to procurement will provide the foundation for a solid partnership between Finance Department and its internal customers.

The policies provided in this manual were established to ensure the fair and equitable treatment of all persons involved in public purchasing, to maximize the purchasing value of public funds in procurement, and to provide safeguards for maintaining a procurement system of quality and integrity.

### **APPLICATIONS**

This policy applies to contracts for the procurement of materials, apparatus, supplies, and equipment and construction projects entered into by the Town. It shall apply to expenditure of public funds by Town departments for public purchasing irrespective of the source of the funds. When the procurement involves the expenditure of federal assistance or contract funds, the procurement shall be conducted in accordance with any mandatory applicable federal law and regulations. Nothing in this policy shall prevent the Town or any of its departments from complying with the terms and conditions of any grant, gift or bequest that is otherwise consistent with law.

#### **Authority**

- (a) The securing of goods and services necessary to the operation of Town government is the primary responsibility of the Town Manager.
- (b) The Town Council has full budget authority to sign such contracts. Authority to sign contracts for procurement of supplies and services has been delegated to the Town Manager.
- (c) Prior to making any purchase and entering into an agreement, the Town must first have funds appropriated to meet financial obligations. Contracts or purchase orders requiring the payment of funds, for supplies or materials, may not be made unless a proper appropriation appears in the budget and a sufficient unencumbered balance remains in the appropriation.

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**RESPONSIBILITIES AND OBJECTIVES**

**A. Responsibilities**

It is the Finance Department's responsibility to ensure that all purchases are made in accordance with the Standard Procedures and Policies of Town of Carrboro, with North Carolina law, and Federal laws and regulations. Successful purchasing requires active cooperation between the Finance Department and all Departments. Each entity has fundamental requirements for this mutually cooperative endeavor. Under the supervision of the Purchasing Officer designated by the Town Manager, Purchasing has the responsibility to:

1. Purchase or lease all supplies, materials, equipment and services needed for use by the Town and its agencies, boards, and commissions,;
2. Make all contracts or purchases in accordance with the Town's standard procedures, policies, and North Carolina law.
3. Make emergency purchases, leases, or contracts for supplies, materials, equipment, and services for all Departments;
4. Assist Departments in the development of standard specifications for all supplies, materials, equipment, and services.

The procurement process is a dynamic process subject to change pursuant to amendments made to North Carolina General Statutes, actions by Town Council, and Town Manager's mandates. It is also a mutually cooperative process that requires prompt review and approval/disapproval by one or more parties.

**Mayor and Town Council:** As the legislative body for the Town, the Mayor and Town Council have delegated the authority of procurement to the Town Manager as allowed by North Carolina General Statute.

**Town Manager:** The Town Manager is the final authority in making decisions in any situation relating to procurement.

**Town Attorney:** The Town Attorney reviews non-standard contracts to determine if it is acceptable to the Town; and provides interpretation of town, county, state, and federal statutes and regulations upon request.

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**B. Objectives**

In carrying out the purchasing function, the Town seeks to:

1. Conduct business with integrity, fairness and dignity so as to maintain public trust and reduce the government's exposure to criticism and legal action;
2. Secure the right materials, equipment, and services at the right quality and quantity, on a timely basis, as efficiently as possible, and at the lowest overall cost;
3. Obtain the "best value" of products and services for the dollars spent; secure, whenever possible, competitive prices on purchases;
4. Establish specifications which will encourage competition and accurately describe the equipment, materials and services needed;
5. Provide all customers with quality service in a manner that is courteous, responsive, accessible, and seamless;
6. Assure vendors that impartial and equal treatment is afforded to all who wish to do business with the Town; and,
7. Be receptive to changes in material and requirements and new products and procedures.

**C. Departmental Responsibilities**

1. Accept the purchasing authorities delegated to the Finance Department;
2. Put forth an effort in good faith to comply with these policies and procurement procedures without reservation or evasion;
3. Prepare acceptable specifications that define the quantity and quality of goods and services needed to perform a specific function without undue influence or personal preference;
4. Allow the time necessary for Procurement to select a vendor and for the vendor to deliver;
5. Receive and inspect items delivered and report vendor performance - good or bad.
6. Cooperate with the Finance Department in the process of fulfilling departmental requisitions; and
7. Work with the Finance Department to promote good will between the Town and its vendors.

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**ETHICS IN TOWN CONTRACTING**

*Ethics Statement: "The Town of Carrboro is governed by the highest ideals of honor and integrity in all public and professional relationships in order to merit the respect and inspire the confidence of the Town and the public we serve."*

**I. Ethical Conduct**

The Town of Carrboro believes strongly in the precept of fair and open competition and in maintaining the integrity of its procurement and contracting process. To this end, the Town has a strict policy of "NO GRATUITIES" in any form. Employees of the Town are prohibited from accepting any gratuity, no matter how small the value. Violation of this policy may lead to vendor's bid or proposal response being disqualified, cancellation of any contract with the Town, prevented from participation in Town solicitations, and possible legal action. In addition, no person or firm preparing specifications for a Town solicitation shall receive any direct or indirect benefit from the use of such specifications.

**II. Conflict Of Interest**

The Town of Carrboro policies prohibit business transactions with Town Officials and employees, either directly or indirectly. N.C. General Statute 14-234 makes it a misdemeanor for a public official to benefit from contracts with the unit he or she works for or represents. All state and local governmental officers and employees are prohibited from entering into any contracts involving the units they serve when any such officer or employee or a firm in which he has a financial interest has a private interest in the contract, except when that private interest:

Involves a bank or banking institution, a savings and loan association, or a regulated utility; or

Provides supplies, services, or facilities to needy persons under state and federal aid programs.

**III. Equal Opportunity**

The policies of the Town of Carrboro prohibit discrimination against any person or business in pursuit of business opportunities on the basis of age, sex, race, creed, national origin, disability or on the basis of sexual orientation or gender expression/identity.

**IV. Fair and Open Competition**

All Town Departments shall promote the principle of a fair and open competitive solicitation process, wherever practicable. Restrictive or proprietary specifications are kept to a minimal use; and only applied where absolutely necessary to meet technical demands for operational compatibility with existing Town equipment; or for truly unique and cost effective performance applications.

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The Town may contract with persons other than Town personnel for the preparation of specifications. However, no person preparing specifications shall receive any direct or indirect benefit from the utilization of such specifications.

**V. Benefit from Confidential Information**

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

**VI. Local Buying**

It is the desire of the Town to purchase from vendors located within Orange County whenever possible. This can be accomplished by insuring that local vendors who have goods and services available that are needed by the Town are included in the competitive purchasing process. The Town, however, has a responsibility to its residents to insure maximum value is obtained for each public dollar spent. The Town cannot make purchasing decision solely on the basis of vendor residence. Rather, the Town will endeavor to encourage local vendors and suppliers to compete for all Town business.

**VII. Minority Utilization**

The Town of Carrboro encourages minority participation in all procurement activities. Construction contract awards shall be in compliance with North Carolina General Statutes 143-128.

The Town's current goal for minority participation for public building construction is ten percent (10%). The overall goal will be reviewed annually or as soon as relevant data is available. The Town, as awarding authority for construction projects, and the contractors and subcontractors performing the construction contracts awarded, shall cooperate and in good faith do all things, legal, proper and reasonable to achieve the goal of ten percent (10%) for participation by minority businesses in each construction project.

See Appendix A for the Town's adopted "Outreach Plan and Guidelines for Recruitment and Selection of Minority Businesses for Participation in Town of Carrboro Building Construction Contracts".

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**DEFINITIONS**

The following words, terms and phrases, when used here, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Addenda/Addendum: Additional requirements, specifications, or instructions to the originally issued Invitation to Bid or Request for Proposals. All contents of the addendum are incorporated into the original document.

Alternative contracting means local governments can seek authority to modify bidding requirements for particular projects, specifically design-build projects for building construction.

Appropriation means an authorization granted by the Town Council to make expenditures and to incur obligations for specific purposes.

Appropriation account means a budgetary account set up to record specific authorizations to spend. The account is credited with original and any supplemental appropriations and is charged with expenditures and encumbrances.

Architectural, Surveying and Engineering Services: Contracts performed by private consulting firms as agents of the Town of Carrboro including feasibility studies, planning, design, testing, and construction administration or management services.

Bid means a quotation specifically given a prospective purchaser upon request, usually in competition with other vendors.

Bidder: Any person, firm, partnership, corporation, association, or joint venture seeking award of a public contract or subcontract with Town of Carrboro.

Budget document means the instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body.

Business: Any corporation, partnership, individual, sole proprietorship, joint stock company, joint venture or any other private legal entity.

Commodity: Tangible goods, wares, and merchandise which are moveable in trade.

Construction management-at-risk means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services and construction administration.

Contract means a legal agreement between the Town and another governmental agency, company, corporation, individual or group of individuals obligating the Town to pay money for services rendered or products.

Department Head means the highest level of supervision and coordination within a department.

Dual bidding means bids may be received to erect, construct, alter or repair a building under both the single-prime and separate-prime contracting systems, and the contract shall be



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awarded to the lowest responsible bidder under the single-prime or the lowest responsible bidder under the separate-prime system.

*Fiscal year* means a 12-month period of time to which the annual budget applies and at the end of which a governmental unit determines its financial position and the results of its operations. The Town's Fiscal Year is July 1 through June 30.

*Force account* means work performed by Town employees that would ordinarily be performed by outside contractors.

*Information technology* means electronic data processing goods and services and telecommunications goods and services, microprocessors, software, information processing, office systems, and related services and consulting or other services for design or redesign of information technology supporting business processes.

*Minority business* means a business of which at least 51 percent is owned by one or more minority persons or socially and economically disadvantaged individuals or, for a corporation, in which at least 51 percent of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals, and of which the management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.

*MWBE* means minority- and women-owned business enterprises.

*Pre-audit* means an examination for the purpose of determining the propriety of proposed financial transactions and financial transactions which have already taken place but which have not yet been recorded or, if such approval is required, before the approval of the financial transactions by designated officials for recording.

*Purchase order* means a legal document binding a vendor to provide a service or product and the Town to pay a specified price.

*Purchasing agent* means one who purchases good, supplies and materials for the Town and is authorized to negotiate contracts with vendors.

*Quote* means to state a price for goods or services.

*Request for Information (RFI)*: A request written to obtain information from vendors to assist the Town in determining the needs and requirements for development of a future project or RFP, including recommendations for specific products, services and strategies to meet Town's needs.

*Request for Proposals (RFP)*: A request written as a performance specification, outlining the desired result and asking the responders to propose a method of reaching that result. RFPs are service oriented and allow greater flexibility in how the contract is awarded. (Note: The NCDOT requires the use of a RFLOI (Request for Letter of Interest) to procure professional engineering services, design or construction engineering.)

*Request for Qualification (RFQ)*: A request written to obtain information from vendors to determine if they are qualified to provide a particular service to the Town. Qualification

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criteria are established that vendors must meet to be considered for the selection process. Allows elimination of non-qualified vendors before price evaluation.

Requisition means a request by a department or program to the purchasing agent to purchase, by issuance of a purchase order, specified services or products.

Separate-prime means bids for building projects are received for each subdivision of work:

- (1) Heating, ventilating and air conditioning;
- (2) Plumbing;
- (3) Electrical; and
- (4) General.

Single-prime means bids for building projects are received from one contractor. The single-prime contractor performs all work or contracts with subcontractors for heating, ventilating and air conditioning; plumbing; and electrical.

Sole-source item means when an item is of such a special nature that it is only manufactured by one company.

Specifications: The parameters, requirements, and instructions that define the exact item or service that is desired and provides the basis for comparing bids. Specifications are generally incorporated into a contract, by reference, to become the successful bidder's legal obligations under the contract.

Subcontractor: Any persons named by a general contractor, and approved by the Town to perform work or provide services for a public contract.

Surplus property means items which are obsolete or are no longer of any value to the Town.

Unencumbered balance means that portion of an appropriation, which has not been expended or obligated through issuance of a purchase order.

Vendor means one who sells a commodity or a service.

Voucher means a written document which evidences the propriety of transactions and usually indicates the accounts against which they are to be recorded.

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**WORKING RELATIONSHIPS**

1. The basic responsibilities of the Town's Purchasing Office Agent are to:
  - a. Purchase goods and materials in accordance with established law and local policy; and
  - b. Operate a centralized and consolidated purchase function for the Town.
2. The Purchasing Office has the responsibility to advise of the suitability, quality or quantity of equipment, material or supplies requested, and can refer such requests to the Finance Director and Town Manager for approval.
3. The Purchasing Office is charged with obtaining vendor quotations, terms, delivery codes, initiating contracts, initiating and completing all formal and informal bid proceedings, maintaining an accurate records for public review & auditing purposes, disposing of surplus property in accordance with resolutions of the Town Council and issuing purchase orders.
4. As a service agency for the Town, the Purchasing Office seeks to establish and maintain at all times a close working relationship with each department. It is essential that an attitude of mutual cooperation and understanding exist between the user department and the purchasing office. The following guidelines will promote a good working relationship:
  - a. The User Departments should:
    - i. Maintain a close check on supplies and stock.
    - ii. Forecast any future purchasing requirements.
    - iii. Request well in advance of needs whenever possible.
    - iv. Eliminate all unnecessary emergency or rush purchasing.
    - v. Alert purchasing regarding late deliveries.
    - vi. Examine items received for quality, quantity, and the like.
    - vii. Report promptly to the purchasing office any deviations in orders received.
    - viii. Submit by written memorandum complaints against vendors.
    - ix. Indicate to purchasing the exact needs of the user department when equipment or special orders requiring written specifications are involved.
    - x. Forward a copy of quotes obtained to the Purchasing Office for the purpose of maintaining a record.
  - b. The Purchasing Office should:
    - i. Check with user departments on needs when placing consolidated orders.
    - ii. Inform departments of vendor contracts that might be utilized.
    - iii. Expedite emergency purchases as rapidly as possible in order that normal operations of a department not be disrupted.
    - iv. Contact vendors on late deliveries and report findings to ordering departments.

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- v. Mediate between the user department and the supplier on partial deliveries, cancellation, return of merchandise, and complaints.
- vi. Consult with the originating department when technical equipment, special order specifications, plans or designs are involved.
- vii. Coordinate with the ordering Department Head and/or his delegate of formal or informal pre-bid conferences and bid openings.
- viii. Review with Department Head the bids and prices received; consider their preference before making recommendations for award or purchase.

From the initial request to delivery of the order, the Purchasing Office should coordinate all action toward accomplishing the desired goal for efficient procurement of items/services requested by Town departments. Only through a harmonious working association can the Purchasing Office effectively function as a support service for the departments.

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**TOWN OF CARRBORO PURCHASING PROCEDURES**

For the purchase of tangible goods or equipment, the following thresholds shall apply:

- A. **Less than \$500:** Purchases of less than \$500 may be made directly by the Department. No competitive bidding or purchase requisition is required. An original invoice must be submitted to Finance when requesting payment.
- B. **\$500 to \$5,000:** Purchases of \$500 to \$5,000 require a purchase requisition. Although competition is not required, Departments are advised to obtain more than one quote. Certain types of supplies, materials, equipment, and services that cost \$500 or more may be procured without competitive bidding or purchase order. See Appendix B for a list of these items.
- C. **\$5,000 to \$30,000:** Purchases between \$5,000 and \$30,000 require obtaining price quotes and processing a purchase requisition. Three price quotes from three different vendors are to be submitted with the purchase requisition.

**Purchase Requisition for Purchase Order**

Each Town department is responsible for requesting, receiving, inspecting and accepting supplies and equipment for that department in accordance with the following:

- a. Department is responsible for submitting a requisition to request a purchase order. The ordering department should anticipate needs in sufficient time for normal processing by the purchasing office.
- b. Any tangible goods purchased is to be coded to the appropriate general ledger account line item.
- c. The purchase order shall be completed by the Finance Department (per requisition information provided by issuing department). As much of the following information should be included:
  - i. Buyer
  - ii. Vendor
  - iii. Shipping destination
  - iv. Unit price
  - v. Contract number, if applicable.
  - vi. Description
  - vii. Quantity
  - viii. Unit of measure
  - ix. Fund
  - x. Account number.
  - xi. Project, if applicable.

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(NOTE: Departments are NOT to submit requisitions to Finance until funds are available in designated account for purchase to be made. Please contact Finance to confirm funding is available for all commodities, goods or services. All requisition submitted without funds in place will be returned to department. NO EXCEPTIONS)

- d. The purchasing agent will review the purchase requisition, obtain pricing, if applicable and, if appropriate, approve the purchase order. The purchase order is then reviewed by finance for confirmation that the appropriate accounts were charged. If the wrong accounts were entered, the ordering department will be advised, and the order will be held until it is corrected.
  - e. The purchasing agent has the authority to revise purchase requisitions and estimates of quantity, quality, or cost, as long as the established standards and specifications are maintained. If it is necessary to revise a purchase order, the ordering department will be informed immediately.
  - f. Authorization in the department budget for a particular item does not authorize a specific purchase. The purchasing agent must review each request independently when it is submitted by the ordering department and can request further review by the Finance Officer or Town Manager.
  - g. *Issuance of purchase order; processing; records;* after submission of a purchase requisition by the user department and review by purchasing agent, a purchase order is issued. The purchase order is a legal instrument that is sent to the vendor for the actual purchase of items and as such is a contract to buy on behalf of the Town and to sell at a specified price on behalf of the vendor. State pre-audit law requires dual signatures on all purchase orders issued, a designated purchasing office representative and a finance office representative. When both representatives have approved the purchase order, they are distributed to: original to vendor, copy to the accounting department, purchasing, and department for receiving.
2. *Blanket Purchase Order* (also known as a Standing or Open Order) may be issued to selected vendors for purchase of large volume items such as landscaping supplies, rock, sand, asphalt and computers, etc. A Blanket Purchase Order is a term contract or basic agreement with a supplier. It is issued to a specific supplier for recurring low dollar purchases of consumable supplies for a specific period of time.
- a. A Blanket Purchase Order should be used when the ordering department will:
    - i. Purchase repetitive, specified items or categories of items from the same vendor, which are purchased and paid in a predictable manner during a certain time period, usually one (1) year.
    - ii. Order standard materials or maintenance supplies which require numerous shipments.

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- b. Blanket Purchase Orders should **not** be used when:
    - i. The Town already has an open line of credit with a vendor;.
    - ii. The Town hires a vendor for contractual services; or,
    - iii. Prices are unknown at ordering time, or subject to change later without notice.
  - c. A Blanket Purchase Order shall include the following information:
    - i. The period to be covered by the blanket agreement (generally should not exceed one year)
    - ii. Items and/or categories of items to be covered by the Blanket Order
    - iii. Maximum quantities, if any
    - iv. Prices
    - v. Terms and billing arrangements
3. A request to increase the dollar amount of a Blanket Purchase Order should be submitted to Purchasing with the description and amount of increase. As with the initial requisition to establish a Blanket Purchase Order, make sure this request is approved by Department Head.

### QUOTATIONS

Quotes should be on the vendor's letterhead or an official quotation form, and include the salesperson's signature, date, and expiration of the bid date.

Departments are responsible for forwarding all quotes to the purchasing agent and attach to the purchase requisition.

All requisitions and quotations for computer hardware, software, electronic and photo equipment shall have prior approval from Information Technology Department before submitting to purchasing.

### RECEIPT AND INSPECTION OF SUPPLIES, MATERIALS, AND EQUIPMENT

The Town does not have a central receiving and inspection point. Departments are responsible for receipt and inspection of all shipments. Departments should retain a file for each completed purchase order for future reference and/or re-ordering.

- a. When a department receives partial delivery of an order and finds that the balance of the order is not needed, the department should notify the purchasing agent in writing and request cancellation of the remaining balance, provided the complete order has not yet been shipped and the vendor is agreeable. If a department wishes to cancel a purchase order in its entirety, the Department Head should immediately notify the purchasing office in writing and explain the reasons for the cancellation. The purchasing agent will then notify the vendor directly; an ordering department should not contact the vendor personally to cancel a purchase order. Authorization for a cancellation may be made only by the purchasing agent.



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- b. It is important that the ordering department keep close check on expected delivery dates of purchase orders and notify the purchasing agent of any outstanding orders so that necessary action may be taken. If follow-up action is required, the purchasing agent will mail a letter to the vendor requesting that delivery be made or asking for an explanation of the delay. The purchasing agent will then place the purchase order and a copy of the form letter in a suspense file. If the order is received on or before the new delivery date, no further action is required. If the items have not been received, the purchasing agent will again contact the vendor as to the delay and/or cancel the purchase order if immediate delivery cannot be guaranteed.
- c. There may be occasions when a department wishes to return merchandise to the vendor. In such case, the Department Head should notify the purchasing agent so that the vendor may be contacted and the return of the order negotiated. If the order is not to be replaced by the vendor, the department should request purchasing to cancel the purchase order.
- d. The MUNIS Accounts Payable Module is to be used to request payment for goods and services whether or not a purchase order is issued. All payment requests must include copy of invoice and receiving report. All payment request without appropriate documentation will be returned to the department.

**VENDOR INVOICES**

To comply with the Town's internal controls, all invoices from vendors are to be submitted on the vendors' own invoice form or letterhead and include the following information:

- a. Itemized list of supplies or services;
- b. To whom supplies or services were delivered);
- c. Purchase Order Number, if applicable;
- d. Sales Tax;
- e. Total amount of payment due.

**COMPETITIVE BIDDING**

It is the policy of the Town to make all purchases of supplies, materials, equipment, and contractual services on the basis of competitive bids whenever possible. Below is a summary of informal and formal bids. For more details, see Appendix C, Formal and Informal Bids.

**Informal Bids**

The informal bidding requirements cover contracts for construction or repair work and contracts for the purchase or lease-purchase of apparatus, supplies, materials, or equipment involving the expenditure of \$30,000 or more, but less than the limits prescribed by the State of North Carolina for formal bidding requirements (\$500,000 for construction; \$90,000 for purchase according to G.S. 143-131(a)). **The Town's policy is that formal bidding is required for construction or building repair costing \$300,000 or more.**



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Bids may be obtained verbally, electronically or written and no minimum bids are required. All specifications will be written to allow free and open competition except when dictated by specific make, model, or design.

All proprietary/single source requirements must be accompanied with detailed written justification to Purchasing for consideration and approval prior to bidding.

**FORMAL BIDS**

The formal bidding requirements cover:

1. Construction or repair contracts estimated to cost more than \$300,000 (State threshold is \$500,000); and,
2. Purchase of apparatus, supplies, materials or equipment estimated to cost more than \$90,000.

The threshold applies to the estimated cost of the total contract not each item. The bidding requirements also cover lease-purchase contracts.

Bidding opportunities must be advertised in a newspaper having “general circulation” in the jurisdiction that is seeking bids. The advertisement must appear at least one time and at least seven full days before the date of the opening of bids.

Bids shall be sealed and opened in public at the advertised date. Three bids are required for construction or repair contracts. No minimum is required for the purchase contracts.

All specifications will be written to allow free and open competition except when dictated by specific make, model, or design.

All proprietary/single source requirements must be accompanied with detailed written justification to Purchasing for consideration and approval prior to bidding.

**OTHER PROCUREMENT METHODS**

In addition to Informal and Formal Bid Process, the following procurement methods are available:

- A. **STATE CONTRACTS**: State Contracts are established by the State Division of Purchase and Contract to obtain more favorable prices through volume purchasing, reduce lead time and administrative effort. Departments and Purchasing may utilize the State of North Carolina Department of Administration Purchase and Contract Division whenever possible for procurement of capital and non-capital items. This system expedites the purchase of goods since the state has already received quotes from formal and

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informal bids, the Town doesn't have to do this step and it satisfies North Carolina General Statutes.

Examples of goods on state contract are: law enforcement vehicles, office furniture, copiers, janitorial supplies, and office supplies. To view vendors under the state contract go to: <http://www.doa.state.nc.us/PandC/TCVendors.htm>. (may need to press control and click to open)

- B. **SOLE SOURCE PURCHASES**: Sole Source is available "when performance or price competition for a product are not available; when a needed product is available from only one source of supply; or when standardization or compatibility is the overriding consideration". All sole source purchases require Finance Officer Approval. Contact purchasing for Sole source justification form.
- C. **PIGGYBACKING**: NC G.S. 143-129(g) allows municipalities, counties, or other subdivisions to piggyback for supplies, materials, or equipment from another entity that has within the previous 12 months, completed a formal bid process, to purchase similar supplies, materials, or equipment if agreed upon by the vendor. Requires Board approval and advertisement of intent to award.
- D. **COMPUTER HARDWARE & SOFTWARE**: All requisitions for computer hardware, software, peripheral, cameras, phones and electronic equipment shall have prior approval from the Information Technology Department prior to submission of requisition to purchasing.
- E. **EMERGENCY PROCUREMENTS**: NC G.S.143-129 allows for an exception to the Formal Bid procedure "in cases of special emergency involving the health and safety of the people or their property". Emergency purchases must be documented to the Purchasing Manager in addition to obtaining a Purchase Order. )
1. Emergency purchasing permission is granted only in extreme cases. During normal working hours, if, in the judgment of the Department Head, an emergency arises which necessitates immediate purchase of materials or services to continue with department operations, he notifies the purchasing agent of the emergency purchase. The purchasing agent will notify the Town Manager who will contact Mayor and Town Council to declare an emergency. Upon approval- the purchasing agent will approve emergency item for purchase. Requisition shall be completed for any emergency purchase the following working day with an explanation attached.
  2. After working hours, the Department Head will decide if an emergency exists and in such case will authorize the necessary emergency purchase. Requisition shall be completed for any emergency purchase the

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- following working day with an explanation attached.
3. In all cases, if the Department Head is not available, the decision regarding emergencies will be made by the Fire Marshall and/or Facilities Director. These procedures apply to all Town agencies and departments.
  4. Emergency procedures are not intended for purchases required because of failure to anticipate normal needs. Work should be planned in advance and material requirements determined so that items can be requisitioned as a regular purchase.

**F. FEDERAL GOVERNMENT SURPLUS STORE**

When items are obtained from the federal surplus store, the amount paid for them represents simply the cost of transferring them to the Town. Such items are, therefore, not purchased, but transferred, and the purchasing agent assumes full responsibility for all surplus items. As such, these items must remain on Town property or premises at all times. If government officials wish to inspect any of these items, the purchasing agent will be contacted and must be familiar with the items and their location. Therefore, the purchasing agent will check periodically with departments that utilize such items and equipment.

**CONTRACTS**

All contracts are to be processed through the Purchasing Office. Two original contracts are to be signed by the vendor and returned to Town for its signature.

The Town has two standard templates for contracts – one for federal funds (Appendix D) and one for non-federal funds (Appendix E). Use of these standard template contracts do not need to be reviewed by Town Attorney provided no changes are made in them. All other contracts require review by the Town Attorney.

Services that are mechanical, technical, or maintenance oriented for which Town Departments do not have staff are normally handled through various contracts. Some specific examples of service contracts are: air conditioning maintenance, termite treatment and control, window washing, machine shop services, rental of hauling equipment, copier machine maintenance, etc.

Supply contracts provide a list of goods and supply items, their source of supply, prices to be charged, terms and conditions, and other pertinent information.

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All contracts must be pre-audited prior to execution by the finance officer or deputy finance officer as required by G.S. 159-28. Contracts without this certification are invalid. This Certification is as follows:

*“This Instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.*

\_\_\_\_\_  
*Finance Director “*

The Purchasing Office will enter all contracts into the MUNIS Contract Module and assigned a contract number and project code, if necessary. Funds in the amount of the total contract for the fiscal year shall be encumbered on the general ledger. General ledger accounts with insufficient budget appropriation balance will be returned to the department.

An original copy of the contract will be returned to vendor and forwarded to the Town Clerk. A copy of contract will be retained the Purchasing Office and a copy returned to the department. The Department is responsible for the supervision of services rendered under service contracts.

### **VENDOR RELATIONS**

The purchasing/vendor relationship is one of mutuality. The promotion of good relations with vendors is an important function of the purchasing agent. Therefore, it is essential that the purchasing agent be aware of all transactions between the Town and its vendors. The using departments/agencies should not be burdened with visits from vendors or their representatives nor with the work of purchasing. Much time may be saved by complying with the following procedures:

1. All vendors' representatives are received by the purchasing office promptly and courteously.
2. The purchasing office will arrange interviews between vendors' representatives and other departments of the Town.
3. The purchasing office will forward to departments and division heads useful information obtained from interviewing, direct mail and advertising.
4. When department/agency heads are visited by sales representatives, they should ascertain whether they have been sent to them from the Finance Department. If not, they should be referred to the purchasing office.
5. Department contacts with vendors or their representatives may be necessary to gain information, such as availability of materials and services, delivery and manufacturing time, demonstrations and specifications.
6. The Town is not bound by any commitment to a vendor by a department. Any such commitment shall be the exclusive responsibility of such department.

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7. The Finance Department shall maintain an up-to-date bid list of all vendors requesting to do business with the Town. This list shall be made available to all departments.
8. Commitment of Town funds without an approved purchase order or pre-audited contract is prohibited, and such commitment will not be honored for payment as provided by G.S. 159-28.
9. The Town will not knowingly negotiate with any contractor or vendor which has been deemed by the Equal Employment Opportunity Commission to be in noncompliance with equal employment opportunity laws.

**USE OF PURCHASING POLICY AND CONTRACTS PROCEDURES HANDBOOK**

1. The purchasing of goods and services utilized by Town departments must be handled in accordance with the policies and procedures contained in this Handbook.
2. The purchasing of such items and services shall be accomplished through the use of the Town's purchasing agent(s).
3. While some exception to this policies in this Handbook may be allowed, e.g., emergency purchases, failure to use the purchasing office may result in the Town's refusal to pay invoices for such purchases.

**DELEGATION OF PROCUREMENT FUNCTION TO PURCHASING AGENT(S)**

The Town Manager has designated the procurement function to the Purchasing Agent(s). Any requisition of a commodity or a service made before the Finance Department issues a purchase order may become the personal obligation of the individual obtaining the commodity or service.

The requirements stated herein apply to all purchases of commodities and contractual services regardless of the funding source under the name of Town of Carrboro.

It is the responsibility of the purchasing agent to ultimately determine the price and secure the source of supply (vendor) for the purchase. Requisitioning departments shall never assume that their recommended vendor will be the vendor/contractor to whom the purchase order will be issued.

Requisitioning departments are urged to contact the purchasing agent prior to preparing a requisition to secure information about specifications, sources of supply, terms and prices

A contractor should never be allowed to provide a service or deliver a commodity before a requisition is prepared and a purchase order or contract issued.

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All contracts and agreements require review and approval by Finance prior to the signing of the contract document. A Contract Authorization Form must be submitted before any contract documents are to be signed by the Town Manager and released to the vendor. If this policy is not followed, the individual signing the contract may be personally liable for any cost incurred.

### **PROHIBITED PURCHASING PRACTICES**

*Commitment of Town funds without an approved purchase order or pre-audited contract is prohibited, and such commitment will not be honored for payment as provided by G.S. 159-28.*

Any individual who engages in a prohibited purchasing practice is hereby notified that he or she is risking their personal funds only, and not the funds of Town. This policy applies to all funds on deposit with Town, regardless of the source. Lack of knowledge of proper procedures, or a perceived lack of time to follow them, when circumstances do not indicate that a true emergency existed, will result in the return of all payment requests, expense reimbursements or requisitions for handling by the individual making the charge, or the individual approving it after the fact within the department.

*Order Splitting Prohibitions:* Dividing contracts or purchases in order to evade procedures is prohibited under this Handbook and NC G.S. 143-133.

### **BEST VALUE PROCUREMENT**

Personnel authorized to make procurements on behalf of the Town shall determine in his/her best judgment the most appropriate and effective method of acquisition for each assigned requisition or request for purchase. In making this determination, authorized personnel will have a variety of procurement options, including, but not limited to: North Carolina State Contract, NIGP (National Institute of Governmental Purchasing) Purchasing Cooperatives (i.e. U.S. Communities; Western States Contracting Alliance [WSCA]; National Intergovernmental Purchasing Alliance [NIPA] ), Group Purchasing Contracts, Open Market Procurements (OMP), Catalogue Purchases, and other “Piggyback” contracts per North Carolina local cities and Town governmental agencies. The Department’s objective is to acquire the product or services meeting the needs of the end user while ensuring that the procurement achieves:

- (1) Compliance with the specification and departmental needs; and,
- (2) “Best Value”

**In determining “Best Value” consider:**

- Purchase price
- Delivery

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- Reputation of the vendor and the vendor's goods or service
- Quality of the vendors goods or services
- Extent to which the goods or services meet Town needs; that meet or exceed product standards established by any ruling regulatory agencies/commissions.
- Vendors past relationship with Town
- Impact on the ability of Town of Carrboro to comply with the laws and rules relating to the HUB (Historically Underutilized Business program) for construction contracting.
- Impact on the ability of Town to comply with the laws and rules relating to the procurement of commodity, goods and services from persons with disabilities
- Long term cost of Town acquiring the vendor's goods or services

**PURCHASES NOT COVERED BY STATUTE (\$0 to \$29,999.99)**

Although purchases under \$30,000 are not covered by statute, it is the policy of the Town to go through a competitive process. Expenditures over \$500.00 and up to the legal bid requirement (\$300,000) should be handled the same as for Informal Bids

There are two (2) ways to obtain informal bids:

1. Competitive Sealed Bid Process (the Preferred Method)  
Informal bid requirements can be met by sealed bids, opened at a set time, date, and place.
2. Quotations  
Informal purchases are accomplished by written quotations, by fax or e-mail, as well as verbal quotations by telephone

*Note: It is the policy of the Town by resolution, that the Town Manager (or her/his designee) approve all purchase contracts with expenditures under \$50,000, and all commodities, goods and services contracts.*

**Purchase Order**

A purchase order is a written contract between the Town and the vendor. The purchase order is the primary tool for ordering apparatus, supplies, materials, and equipment. The purchase order meets all of the legal requirements for a contract set forth by North Carolina State Statute and the Uniform Commercial Code (UCC). A purchase requisition is needed to initiate a purchase order.

**Confirmation Order**

A confirmation order is a purchase, letter of intent to purchase, or request for scheduling in advance of an order that is made by an individual, without having a valid purchase order number, procurement card (if applicable) or approved payment request form (if applicable).



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**NOTE: Use of a confirming requisitions and Purchase Orders to authorize retroactively commitments to vendors by personnel are a violation of Town of Carrboro Policy**

**Sole Source / Proprietary Purchases**

A sole source purchase is a procurement of materials or services that are available from only one source including:

Items that are available from one source due to patents, copyrights, secret processes, etc...  
The following are examples:

- Films, manuscripts, or books published and available from only one source
- Electricity, gas, water and other utility services
- Captive replacement parts or components for equipment
- Books, paper and other library materials for a public library that are available only from the person holding exclusive distribution right to the materials
- Maintenance services required to maintain warranty coverage.

A sole brand purchase is a procurement of materials or services of a particular specified brand that may be available from multiple sources. A sole brand is the result of a competitive solicitation of equipment or competing brands to determine the best brand. Usually a brand is selected to standardize purchases over a period of time when an investment must be made such as specialized training.

**CONTRACT ADMINISTRATION**

In contracting for goods and services, the Town commits to making payments from appropriated funds. These committed funds are said to be encumbered. The purpose of recording encumbrances in the accounting system is to find out whether a particular contract or purchase will cause an appropriation to be overspent. The encumbered portion of an appropriation is unavailable for a proposed expenditure as if it had already been expended. Once a contract is completed or a purchase order filled, the encumbrance is removed and replaced by an expenditure or liability.

**Types of Contracts**

Basically there are three types of contracts into which the Town may enter:

1. Current Contracts in which the goods and services are provided during the current fiscal year.
2. Continuing Contracts in which a part or the entire contract is performed in ensuing fiscal years.
3. Requirements Contracts result when a unit enters into a contract under which a vendor agrees to supply a particular commodity at a fixed price. An example of a



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requirements contract is an agreement to provide a day care service for a child. In a requirements contract the unit is not obligated to buy anything, and therefore, such a contract need not be pre-audited.

Contracts, unlike purchase orders, vary greatly in content and complexity. Most contracts are negotiated at the department level by people with the technical expertise necessary to deal with the specific issue under consideration. The Finance Department, therefore, will not be required to negotiate all contracts. This function will somewhat continue at the departmental level where the expertise lies.

All contracts and agreements negotiated must be sent to the Finance Department for processing, both for internal control and statutory purposes. This is very important because under the provisions of General Statute 159-28(a), any contract, agreement, or purchase order that does not include on its face a pre-audit certificate signed by the Town's Finance Director (Officer) or by a Deputy Finance Officer approved for this purpose by the Governing Board is invalid and may not be enforced.

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**APPENDIX A**

**OUTREACH PLAN AND GUIDELINES FOR RECRUITMENT AND SELECTION  
OF MINORITY BUSINESSES FOR PARTICIPATION IN TOWN BUILDING  
CONSTRUCTION CONTRACTS**

In accordance with G.S. 143-128.2 these guidelines establish goals for minority participation in single-prime bidding, separate-prime bidding, Construction Manager-at-Risk, and alternative contracting methods on Town of Carrboro building construction projects in the amount of \$300,000 or more (\$100,000 or more if the Town receives State funds for the project).

Town of Carrboro's current goal for minority participation for public building construction is ten percent (10%). The overall goal will be reviewed annually or as soon as relevant data is available.

**INTENT**

The intent of these guidelines is that the Town of Carrboro, as awarding authority for construction projects, and the contractors and subcontractors performing the construction contracts awarded, shall cooperate and in good faith do all things, legal, proper and reasonable to achieve the goal of ten percent (10%) for participation by minority businesses in each construction project. Nothing in these guidelines shall be construed to require contractors or awarding authorities to award contracts or subcontracts to or to make purchases of materials or equipment from minority-business contractors or minority-business subcontractors who do not submit the lowest responsible, responsive bid or bids.

**DEFINITIONS**

1. Minority – a person who is a citizen or lawful permanent resident of the United States and who is:
  - a. Black, that is, a person having origins in any of the black racial groups in Africa;
  - b. Hispanic, that is, a person of Spanish or Portuguese culture with origins in Mexico, South or Central American, or the Caribbean Islands, regardless of race;
  - c. Asian American, that is, a person having origins in any of the original peoples of the Far East, Southeast Asia and Asia, the Indian subcontinent, or the Pacific Islands;
  - d. American Indian, that is, a person having origins in any of the original peoples of North America; or
  - e. Female

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(Appendix A continued)

2. Minority Business – means a business
  - a. In which at least fifty-one percent (51%) of the ownership interest is held by one or more minority persons, or in the case of a corporation, in which at least fifty-one percent (51%) of the stock is owned by one or more minority persons or socially and economically disadvantaged individuals; and
  - b. Of which the management and daily business operations are controlled by one or more of the minority persons or socially and economically disadvantaged individuals who own it.
3. Socially and economically disadvantaged individual – means the same as defined in 15 U.S.C. 637. “Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities”. “Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged”.
4. Public Entity – means State (and all political subdivisions thereof) and local government units.
5. Owner – Town of Carrboro.
6. Designer – Any person, firm, partnership, or corporation, which has contracted with Town of Carrboro to perform architectural or engineering work.
7. Bidder – Any person, firm, partnership, corporation, association, or joint venture seeking to be awarded a public contract or subcontract.
8. Contract – A mutually binding legal relationship, or any modification thereof, obligating the seller to furnish equipment, materials or services, including construction, and obligating the buyer to pay for them.
9. Contractor – Any person, firm, partnership, corporation, association, or joint venture which has contracted with the Town of Carrboro to perform construction work or repair.
10. Subcontractor – A firm under contract with the prime contractor or Construction Manager-at-Risk to supply materials, or labor and materials, and/or installation in connection with a Town building construction or repair contract. The subcontractor may or may not provide materials in the subcontract.

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**MINORITY OUTREACH PLAN AND GUIDELINES**

**(Appendix A continued)**

The Town of Carrboro will employ the following strategies to encourage participation from MWBE's:

1. Work with minority-focused business groups in an attempt to recruit minority business participation in contracts/bids.
2. Emphasize the importance of soliciting certified MWBE firms and small businesses for subcontracting opportunities at pre-bid conferences and in the bid documents. Examine specifications to identify special subcontracting opportunities and strongly encourage prime contractors to solicit bids for subcontracts from MWBE firms.
3. Provide information to majority contractors concerning the Guidelines for Recruitment and Selection of Minority Business and Outreach Plan and provide information on the procedure for letting of public contracts under G.S. 143-129 by holding meetings with the contractors.
4. Assess the effectiveness of the Outreach Plan by evaluating MWBE participation and compliance and reviewing the "good faith efforts" provided in bid packages.
5. Identify subcontracting opportunities unique to each construction contract and project and concentrate heavily on targeting certified MWBE firms and small businesses that have expressed an interest in Town of Carrboro projects. Identify these opportunities, contact interested businesses no later than 10 days prior to the bid opening, and provide a list of prime contractors planning to participate in the project.
6. Build new business relationships through networking with other North Carolina cities and counties and sharing ideas to improve the Outreach Plan.
7. Offer training sessions to share the Town's Outreach Plan with interested business organizations.
8. Post the Outreach Plan and Guidelines on the Town's website, listing good faith efforts, creating links to MWBE resources, and creating awareness of specific subcontracting opportunities.
9. Maintain a database specifically for MWBE firms to ensure that those businesses are notified of bid opportunities.
10. Advertise upcoming bid opportunities in minority-focused media.
11. Work with architects and engineers to make subcontracting opportunities more noticeable and more easily understood by potential contractors and subcontractors.

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(Appendix A continued)

**Designer**

Under the single-prime bidding, separate prime bidding, dual bidding, Construction Manager-at-Risk, or alternative contracting method, the Designer must do all of the following:

- a. Attend the scheduled prebid conference to explain minority business requirements to the prospective bidders.
- b. Assist the bidders and potential bidders to identify and notify prospective minority business prime and subcontractors of potential contracting opportunities.
- c. Maintain documentation of any contacts, correspondence, or conversations with minority business firms made in an attempt to meet the goals.
- d. Review jointly with the owner all requirements of G.S. 143-128.2(c) and G.S. 143-128.2(f) – (i.e. bidders’ proposal for identification of the minority businesses that will be utilized with corresponding dollar value of the bid and affidavit listing Good Faith Efforts or affidavit of self-performance of work, if the contractor will perform work under contract by its own workforce) – prior to recommendation of an award.
- e. During the construction phase of the project, review “MWBE Documentation for Contract Payment” form with monthly pay applications to the owner and forward copies to the Town of Carrboro.

**Prime Contractors(s), CM at Risk and Its First-Tier Subcontractors**

Under the single-prime bidding, the separate-prime bidding, dual bidding, Construction Manager-at-Risk and alternative contracting methods, contractor(s) must do all of the following:

- a. Attend the scheduled pre-bid conference.
- b. Identify or determine those subcontractor work areas where minority businesses may have an interest in performing subcontract work.
- c. At least ten (10) days prior to the scheduled day of bid opening, notify minority businesses of potential subcontracting opportunities listed in the proposal. The notification must include all of the following:
  - i. A description of the work for which the sub bid is being solicited.
  - ii. The date, time and location where sub bids are to be submitted.
  - iii. The name of the individual within the company who will be available to answer questions about the project.
  - iv. Where bid documents may be reviewed.

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**(Appendix A continued)**

- v. Any special requirements that may exist, such as insurance, licenses, bonds and financial arrangements.
- d. During the bidding process, comply with the contractor's requirements listed in the proposal for minority participation.
- e. Identify on the bid the minority businesses that will be utilized on the project with corresponding total dollar value of the bid and affidavit listing good faith efforts as required by G.S. 143-128.2(c) and G.S. 143-128.2(f) or Intent to Perform Contract With Own Workforce affidavit.
- f. Make documentation showing evidence of implementation of Prime Contractor, Construction Manager-at-Risk and First Tier Subcontractor responsibilities available for review by Town of Carrboro upon request.
- g. Provide one of the following upon being named the apparent low bidder: (1) an affidavit that includes a description of the portion of work to be executed by minority businesses, expressed as a percentage of the total contract price, which is equal to or more than the applicable goal. This affidavit shall give rise to a presumption that the bidder has made the required good faith effort; or (2) if the percentage is not equal to the applicable goal, then documentation of all good faith efforts taken to meet the goal. The documentation must include evidence of all good faith efforts that were implemented, including any advertisements, solicitations, and evidence of other specific actions demonstrating recruitment and selection of minority businesses for participation in the contract. Failure to comply with these requirements is grounds for rejection of the bid and award to the next lowest responsible and responsive bidder.
- h. Identify the name(s) of minority business subcontractor(s) and corresponding dollar amount of work on the schedule of values.
- i. Submit with each monthly pay requests(s) and final payment(s), "MWBE Documentation for Contract Payment" for Designer's review.
- j. If at any time during the construction of a project, it becomes necessary to replace a minority business subcontractor, immediately advise the owner in writing of the circumstances involved. The prime contractor shall make a good faith effort to replace a minority business subcontractor with another minority business subcontractor.
- k. Make a good faith effort to solicit sub bids from minority businesses during the construction of a project if additional subcontracting opportunities become available.

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(Appendix A continued)

**Minority Business Responsibilities**

Certification

Town of Carrboro does not certify minority, disadvantaged or woman-owned businesses. Any business which desires to participate as an MWBE will be required to complete, and submit for certification, documents required by the agencies listed below. Only those firms holding current certification through at least one of the following agencies will be considered eligible for inclusion in meeting the MWBE participation percentage goals:

1. North Carolina Administration Department Historically Underutilized Business (HUB) certification.
2. North Carolina Department of Transportation Minority/Disadvantage/Woman-owned Business certification.
3. Small Business Administration 8(a) certification.
4. Other governmental agencies on a case-by-case basis.

A copy of these guidelines will be issued with each bid package for Town of Carrboro building construction projects. These guidelines shall apply to all contractors regardless of ownership.

Other Responsibilities

Minority businesses that are contacted by owners or bidders must respond promptly whether or not they wish to participate in the bidding.

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(Appendix A continued)

**MINIMUM MWBE COMPLIANCE REQUIREMENTS**

All written statements, affidavits or intentions made by the Bidder shall become a part of the agreement between the Contractor and Town of Carrboro for the performance of the contract. Failure to comply with any of these statements, affidavits or intentions, or with the minority business guidelines shall constitute a breach of contract. A finding by the Town that any information, submitted either prior to award of the contract or during the performance of the contract, is inaccurate, false or incomplete, shall constitute a breach of the contract. Any such breach may result in termination of the contract in accordance with the termination provisions contained in the contract. The Town of Carrboro shall determine, in the exercise of its sole discretion, whether to terminate the contract for breach.

In determining whether a contractor has made Good Faith Efforts, the Town of Carrboro will evaluate all efforts made by the Contractor and will determine compliance in regard to quantity, intensity, and results of these efforts. Bidders must earn at least 50 points from the good faith efforts listed below in order for their bids to be considered responsive:

- (1) Contacting those minority businesses reasonably expected to submit a quote and known or identified to the contractor, or available on State or local government maintained lists, at least 10 days before the bid or proposal date and notifying them of the nature and scope of the work to be performed. (Value = 10 points)
- (2) Making the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bid or proposals are due. (Value = 10 points)
- (3) Breaking down or combining elements of work in economically feasible units to facilitate minority participation. (Value = 15 points)
- (4) Working with minority trade, community, or contractor organizations identified by the Office for Historically Underutilized Businesses and those included in the bid documents to provide assistance in recruitment of minority businesses. (Value = 10 points)
- (5) Attending any pre-bid meetings scheduled by the public owner. (Value = 10 points)
- (6) Providing assistance in obtaining required bonding or insurance, or providing alternatives to bonding or insurance for subcontractors. (Value = 20 points)
- (7) Negotiating in good faith with interested minority businesses and not rejecting them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification shall have the reasons documented in writing. (Value = 15 points)



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- (8) Providing assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisting minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit. (Value = 25 points)
- (9) Negotiating joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public building construction or repair project when possible. (Value = 20 points)
- (10) Providing quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands. (Value = 20 points)

Failure to file a required affidavit or document demonstrating that the contractor made the required good faith effort is grounds for rejection of the bid.

**DISPUTE RESOLUTION PROCEDURES**

Pursuant to G.S. 143-128(f1), all disputes involving contractors on a building construction project with the Town of Carrboro shall be resolved pursuant to the State of North Carolina Policy G.S. 143-135.26(11).

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**APPENDIX B**

**EXCEPTIONS TO PURCHASES OVER \$500**

The items below may cost more than \$500 and do not require competitive bidding or purchase order. They are to be procured and managed by the department.

- 1) Association dues - membership in professional associations for Town Departments or employees;
- 2) Training, travel, conferences, etc.;
- 3) Concession supplies - supplies and materials required for operation of concessions at recreational centers;
- 4) Government publications - purchase of government publications offered by federal, state, county, or municipal departments;
- 5) Cell phones, radios and pagers;
- 6) Recurring utility, cellular service, data and telecom payments;
- 7) Landfill fees;
- 8) Legal payments - settlement of claims (authorized by the Town Attorney but paid by and routed through Department affected); lawyers' and legal fees; warrant, lien, and continuance fees; real estate purchases and condemnations;
- 9) Debt service payments;
- 10) Fiscal Agents' fees when acting on behalf of the Department of Finance for the payment of interest and the redemption of negotiable bonds and similar functions, notary fees, etc.;
- 11) Bond services – professional and technical services required in connection with the issuance of the Town of Carrboro Bonds;
- 12) Expenditures remitted against balance sheet accounts;
- 13) Contracts signed by the Town that contain a preaudit statement signed by the Assistant Town Manager, Interlocal Agreements;
- 14) Commissions or fees to banks and sub-stations acting as collecting or selling Departments for utility payments, license sales, payments to Town Boards or Commissions for services rendered;

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- 15) Temporary or professional services except where required by Statute. (Engineers and Architects will need a purchase order);
- 16) Insurance premiums;
- 17) Medical examinations;
- 18) Postage, permits and expenses;
- 19) Clothing allowance for personnel such as police officials required to use civilian clothing;
- 20) Rental payments for property, safety deposit boxes and other similar facilities;
- 21) Town sponsored conferences, room deposits, hotel-motel, and banquet expenses;
- 22) Professional books when required in the performance of assigned duties;
- 23) Refunds including taxes, bid deposits, cancelled courses and payroll related
- 24) refunds;
- 25) Property tax notices for parking lots;
- 26) Renewal Maintenance Agreements for office equipment;
- 27) Funds budgeted for contributions to other governmental entities and community programs;
- 28) All purchases utilizing the Town of Carrboro's procurement card;
- 29) Funds for drug seizures.

## APPENDIX C

### FORMAL BIDS

All formal bids will be sent out by the Finance Department as the authorized representative of the Town. Bids will be opened and tabulated by the purchasing office. When architects or engineers are employed to perform this service on construction bids, the purchasing agent should be present at openings when possible, receive copies of the public notice and bids and prepare a recommendation for the award of a bid. Certain requirements must be followed in the formal bid process:

(1) Written specifications must be prepared. Efficient purchasing practices require buying in accordance with carefully developed specifications. For purchases of fairly standard items, development of elaborate specifications is not necessary, but simple, standard specifications are in order. Good, clear specifications are an essential aspect of competitive bidding. Quality and service are as important as price; therefore, specifications are needed that will fulfill but not exceed the requirements for which the items and/or services are intended. A general policy should be followed which would encourage the purchasing of a good, standard product which represents the best relationship between quality and price while providing a satisfactory level of service. Specifications are prepared by the purchasing office with input from the ordering department to ensure that the products purchased fill the need. A lengthy specification designed solely for the purpose of eliminating competition, other than those able to supply a particular brand name, will not be permitted. Brand names should be used only when no other product would be satisfactory. Sole Sources justification must be provided to limit to a specific brand (see Finance Department for "Sole Source Justification" form)

(2) Bids must be advertised for prospective bidders. Advertisements must be published on the Town's WEB site so there are seven full days between the date of the publication and the date of the opening of the bids. It will be purchasing responsibility to maintain a vendor list and notify all parties on the vendor list for applicable projects. The advertisement must contain the time and place where plans and specifications may be obtained and the time and place for opening of the proposals. On all construction contracts, the advertisement must also contain a notice that bidders must be properly licensed under G.S. Ch. 87.

(3) Prospective bidders must submit sealed bids. Unless the invitation to bid states differently, bids must be sealed and the contents must not be disclosed or exhibited prior to the time set for the bid opening. Bids must be properly marked "BID" with bid title, opening date on outside of envelope and any other applicable information.

(4) Except under the conditions in subsections (4) (a) and (4) (b) of this section, the Town Council must accept bids and award contracts. Bid results must be presented to the Town Council for acceptance and contract award. The Town Council reserves the right to reject any or all proposals.

a. The Town Council is authorized to award formal bids for purchase contracts **\$90,000.00** or more within the following guidelines:

1. The bid is awarded to the lowest responsible bidder.
2. Sufficient funding is available within the department.
3. The purchase is consistent with the goals and/or outcomes of the department.

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4. Project is approved in the budget or adoption of project ordinance by Town Council

b. Bids may be rejected for any reason determined by the Town Council or the Town Manager, under their authority, for any reason determined to be in the best interest of the Town. However, the bid shall not be rejected for the purpose of evading the provisions of G.S. 143-129.

**Request for Proposal (RFP)**

Requests for proposals (RFPs) are normally used when the service of a professional individual or firm is required by the Town, including but not limited to accountants (CPAs), attorneys, IT specialist, trainers, and doctors.

When utilizing the request for proposal method, the following shall apply:

(1) RFP should be drawn up by the appropriate department with the assistance of the purchasing office in such manner as the department deems appropriate to solicit responses from providers.

(2) RFP should be distributed to potential contractors by the purchasing office.

(3) Purchasing agent and department will evaluate responses too RFP and decide on a particular individual or firm that best meets the requirement of the RFP.

Contract and purchase order will be issued. If a contract is used, it must first be sent to the finance director for pre-audit and to the staff attorney to approve as to form.

(4) RFP for information technology goods and services must meet the following minimum requirements:

a. Notice of the request for proposals shall be given in accordance with G.S. 143-129(a) Procedure for letting of Public Contracts.

b. Contracts shall be awarded to the person who or entity that submits the best overall proposal as determined by the awarding authority. Factors to be considered in awarding service contracts shall be identified in the requests for proposals. The "best value" process as stipulated in G.S. 143-135.9 for information technology procurement may be used to award the contract. The term "best value procurement" means the selection of the contractor based on a determination of which proposal offers the best trade-off between price and performance, where quality is considered an integral performance factor. (See "Best Value" determination)

c. Town staff may negotiate with any proposer in order to obtain a final contract that best meets the needs of the Town. Negotiations allowed under this section shall not alter the contract beyond the scope of the original request for proposals in a manner that:

1. Deprives the proposers or potential proposers of a fair opportunity to compete for the contract; and

2. Would have resulted in the award of the contract to a different person or entity if the alterations had been included in the request for proposals.

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Proposals submitted under this section shall not be subject to public inspection until the contract is award pursuant to G.S. 143-129.8.

**Formal Bid for Construction proposal monetary limits (Construction)**

(a) *When required.* Formal procedures must be followed when the purchase requires an estimated expenditure of \$90,000.00 or more for apparatus, supplies, materials or equipment. For construction, repairs and renovation, formal bid procedures must be followed if the project requires an estimated expenditure of \$300,000.00 or more, except where the work is to be done by Town personnel (force account) and the total cost of the project will not exceed \$125,000.00, including all direct and indirect costs, or if the labor does not exceed \$50,000.00. Bidding requirements will still apply to apparatus, supplies, materials or equipment purchased for use on force account projects. Force account labor must be approved by the Town Council, and a record of all costs must be maintained for public inspection.

(b) *Minority and Woman Owned Enterprise Firms; separate specifications and contracts.* If the cost for the construction of a building is estimated at \$500,000.00 or more, the Town has established a ten percent goal for participation by minority and woman owned enterprise firms in the total value of work for which a contract is awarded pursuant to G.S. 143-128. In addition, for projects totaling \$300,000.00 or more, separate specifications and contracts must be prepared for the following areas of work:

- (1) Heating, ventilating, air conditioning and accessories and/or refrigeration for cold storage (where the cooling load is 15 tons or more of refrigeration);
- (2) Plumbing and gas fittings and accessories;
- (3) Electrical wiring and installations; and
- (4) General work not included in the three areas in subsections (b) (1)--(b) (3) of this section.

(c) *Contracting methods.* For building construction or building repair projects \$300,000.00 and above, bids may be received by using (i) single-prime, (ii) separate-prime, (iii) dual bidding, (iv) construction management-at-risk contract or (v) alternative contracting methods authorized pursuant to G.S. 143-135.26(9) in accordance with the following:

(1) *Single-prime.* All bidders in a single-prime project shall be required to identify on their bid the contractors they have selected for the subdivisions or branches of work for: heating, ventilating, and air conditioning; plumbing; electrical; and general. The contract shall be awarded to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for performance of the contract, and compliance with G.S. 143-128.2. A contractor whose bid is accepted shall not substitute any person as subcontractor in the place of the subcontractors listed in the original bid, except:

- a. If the listed subcontractor's bid is later determined by the contractor to be non-responsible or nonresponsive, or the listed subcontractor refuses to enter into a contract for the complete performance of bid order; or
- b. With the approval of the Town Council for good cause shown by the contractor. When a contract is awarded using the single-prime method, the Town shall make the dispute resolution process available to subcontractors.

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(2) *Separate-prime.* Bids shall be accepted for each subdivision of work for which specifications are required to be prepared, and bids shall be awarded separately to responsible and reliable persons regularly engaged in their respective lines of work. Each separate contractor shall be directly liable to the Town and to the other separate contractors for the full performance of all duties and obligations due under the terms of the contract. Contracts shall be awarded to the lowest, responsible, responsive bidders, taking into consideration quality, performance, the time specified in the bids for performance of the contract and compliance with G.S. 143-128.2.

(3) *Dual bidding.* Bids may be received to erect, construct, alter or repair a building under both the single-prime and separate-prime contracting systems, and the contract shall be awarded to the lowest responsible, responsive bidder under the single-prime system or to the lowest responsible, responsive bidder under the separate-prime system, taking into consideration quality, performance and compliance with G.S. 143-128.2 and time specified in the bids to perform the contract. In determining the system under which the contract will be awarded to the lowest responsible, responsive bidder, the cost of construction oversight, time for completion, and other factors the Town considers appropriate may be considered. The bids received as separate-prime bids shall be received, but not opened, no less than one hour prior to the deadline for the submission of single-prime bids. The amount of a bid submitted by a subcontractor to the general contractor under the single-prime system shall not exceed the amount bid, if any, for the same work by that subcontractor under the separate-prime system.

(4) *Construction management contracts.*

a. *Construction management services.* The term "construction management services" means services provided by a construction manager, which may include preparation and coordination of bid packages, scheduling, cost control, value engineering, evaluation, preconstruction services, and construction administration.

b. *Construction management-at-risk services.* The term "construction management-at-risk services" means services provided by a person who:

1. Provides construction management services for a project throughout the preconstruction and construction phases;
2. Is licensed as a general contractor; and
3. Guarantees the cost of the project.

c. *Construction manager-at-risk.* The construction manager-at-risk shall contract directly with the Town for all construction, shall publicly advertise, and shall prequalify and accept bids from first-tier subcontractors for all construction work. The construction manager-at-risk shall address quality, performance, the time specified in the bids for performance of the contract, the cost of construction oversight, time for completion, capacity to perform, and other factors deemed appropriate by the Town. The Town shall require the construction manager-at-risk to submit its plan for compliance with G.S. 143-128.2 for approval by the Town Council prior to soliciting bids for the project's first-tier subcontractors. A construction manager-at-risk and first-tier subcontractors shall make a good faith effort to recruit and select minority businesses for participation in contracts pursuant to G.S. 143-128.2. A construction manager-at-risk may perform a portion of the work only if:

1. Bidding produces no responsible, responsive bidder for that portion of the work, the lowest responsible bidder will not execute a contract for the bid portion of the work or the



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subcontractor defaults and a prequalified replacement cannot be obtained in a timely manner; and

2. The Town approves of the construction manager-at-risk's performance of the work. All bids shall be opened publicly and once they are opened are public records. The construction manager-at-risk shall act as the fiduciary of the Town in handling and opening bids. The construction manager-at-risk shall award the contract to the lowest responsible, responsive bidder, taking into consideration quality, performance, the time specified in the bids for the performance of the contract, the cost of construction oversight, time for completion, compliance with G.S. 143-128.2, and other factors deemed appropriate by the Town and advertised as part of the bid solicitation. The Town may require the selection of a different first-tier subcontractor for any portion of the work, provided the construction manager-at-risk is compensated for any additional cost incurred. When contracts are awarded using this method, the Town shall provide for a dispute resolution procedure as provided in G.S. 143-128(g). The construction manager-at-risk shall provide a performance and payment bond to the Town.

(5) *Alternative contracting method.* Local governments can seek authority to modify bidding requirements for particular projects, specifically design-build projects for building construction.

(d) *Performance and payment bonds.* When a project exceeds \$300,000.00, performance and payment bonds are required for each contract that exceeds \$50,000.00. No bid for construction or repair work valued at \$300,000.00 or above may be considered or accepted unless, at the time of the submittal, it is accompanied by a deposit in the form of cash or certified check, in an amount equal to not less than five percent of the proposal. In lieu of making a cash deposit, the bidder may file a bid bond executed by a corporate surety licensed under the laws of the state. The successful contractor shall be required to submit performance and payment bonds to secure the faithful performance of the terms of the contract and the payment of all sums due for labor and materials.

(e) *Reporting requirements.* Town staff shall report to the secretary of the department of administration the cost and effectiveness of the method used under this section. Reports shall include the following information:

- (1) The method used;
- (2) The total value of each project;
- (3) The bid costs and relevant post-bid costs;
- (4) A detailed listing of all contractors and subcontractors used on the project, including identification of whether the contractor was an out of state contractor and the reasons why the contractor was selected.

The reports must be filed annually beginning April 1, 2008, and thereafter must be filed in the year in which the project is completed.

(f) *Dispute resolution for building construction projects.* The Town shall provide dispute resolution procedures for all building construction or repair projects. The dispute resolution procedures are available to all parties involved in the construction project, including the architect, the construction manager, and the contractors, including all levels of subcontractors, and is available for any issue arising out of the contract or construction process as long as the matter in dispute is \$15,000.00 or more. See dispute resolution policy.

(g) *Minority participation for building construction projects (formal bids).*



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- (1) Contractors, including first-tier subcontractors on construction management-at-risk projects, must identify on their bids the minority businesses they will use on the project and the total dollar value of the bid that will be performed by minority businesses. They must also include an affidavit listing the good faith efforts they have made. If contractors intend to perform all of the work with their own forces, they may submit an affidavit.
- (2) After bids are received, the apparent lowest responsible bidder must provide either:
  - a. An affidavit describing the portion of the work to be executed by minority businesses, expressed as a percentage of the total contract amount showing a percentage equal to or more than the applicable goal on the project; or
  - b. Documentation of good faith efforts to meet the goal, including any advertisements, solicitations, and evidence of other specific actions demonstrating recruitment and selection of minority businesses for participation in the contract.
- (3) Within 30 days after a contract is awarded, the successful contractor must list all identified subcontractors that will be used on the project. Failure to provide the affidavit or documentation required to demonstrate good faith efforts is grounds for rejection of a bid.
- (4) A subcontractor may not be replaced except:
  - a. When the subcontractor's bid is determined to be nonresponsive or nonresponsive or the subcontractor refuses to enter into a contract for the complete performance of the work; or
  - b. With the approval of the Town for good cause.
  - c. When selecting a substitute contractor, the contractor must make and document good faith efforts. See guidelines and minority outreach plan, on file in the Town offices.

**Formal bid exceptions**

Formal bids are not required for the following:

1. State of emergency. The Town Council may set aside the normal requirements in an emergency involving the health and safety of people or their property. In such cases, the Town Council may let contracts as necessary in its discretion.
2. If a contract for the purchase, lease or other acquisition of any apparatus, supplies, materials or equipment is with the:
  - a. United States of America or any agency thereof; or
  - b. Any other governmental unit or agency thereof within the United States.
3. A project is exempt from formal bidding if it is a construction project that will not cost more than \$125,000.00, including all direct and indirect costs, or if the labor does not exceed \$50,000.00, and the work is to be done by the forces of the governmental unit involved. Bid requirements will still apply to apparatus, supplies, materials or equipment purchased for use on force account projects. Force account labor must be approved by the Town Council, and a record of all costs must be maintained for public inspection.

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4. Exemption from bidding is allowed for purchases from contractors who have, within the past 12 months, contracted to furnish the desired item to the federal government or any federal agency, another state government or agency, another local government or agency. The contractor must be willing to furnish the items at the same or more favorable prices, terms, and conditions as those provided under the contract with the other unit or agency. A prior contract must have been let under public bidding process substantially similar to G.S. 143-129, and the Town Council must approve the contract at a regular meeting on ten days' notice, notwithstanding delegation of authority to award contracts. Notice may be published by electronic means.
5. Purchases made through a competitive bidding group purchasing program, which is a formally organized program that offers competitively bid purchasing services at discount prices to two or more public agencies.
6. Purchases using contracts established by the state or any agency of the state, if the contractor is willing to extend to a political subdivision of the state the same or more favorable prices, terms, or conditions as established in the state contract.
7. Purchase of used apparatus, supplies, materials, or equipment. For purposes of this subsection, remanufactured or refabricated apparatus, supplies, materials, or equipment are not deemed to be "used," and are not included in this exception.
8. Guaranteed energy savings contracts, which are governed by G.S. 143-64.10 et seq.
9. Purchase of information technology using contracts established by the state office of information technology services as provided in G.S. 147-33.82(b) and 147-33.92(b).
10. Purchase of gasoline, diesel fuel, alcohol fuel, motor oil, fuel oil, or natural gas. These purchases are subject to G.S. 143-131.
11. In accordance with G.S. 143-129, single-source items are exempt from bid procedures when performance or price competition for a product are not available, when a needed product is available from only one source of supply, or when standardization or compatibility is the overriding consideration. This subsection requires action by the Town Council notwithstanding delegation of authority to award contracts and requires a record of justification for use of the exemption.

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**INFORMAL BIDS**

(a) Informal bids are distinguished from formal bids by the following:

- 1) The dollar amount to be purchased is less than \$90,000.00 for equipment, apparatus, materials or supplies; or, construction/repair work for buildings with expenditure less than \$300,000.00.
- 2) Written specifications are not required, but highly recommended.
- 3) Advertising for bids is not necessary.
- 4) Written, sealed bids need not be submitted.
- 5) Informal bids received shall remain confidential until the bid is awarded.

(b) Informal purchases are accomplished by written quotations as well as verbal quotations by telephone, e-mail or fax. For purchases of supplies and equipment between \$500.00 and \$30,000.00, three (3) quotes should be obtained to ensure competitive pricing. However, the 3 quote requirement can be waived with the approval of the purchasing agent when it is deemed to be in the best interest of the Town. Three written quotes should be obtained for purchases between \$30,000.00 and \$90,000.00 for purchases of supplies and equipment unless it is a sole source item. If quotes have been attempted and the item can only be obtained from one source, the informal purchase is accomplished by a fair and reasonable acceptance of the product by the Department Head affected and the purchasing agent.

- 1) The employee who receives such bids is to keep a record of all bids submitted and have these available for public inspection. This record shall include the company name, the contact person, the item quoted and the date the quote was received.
- 2) When informal bids are received by a department, the quotes received should be attached to the purchase requisition and a copy forwarded to purchasing.

(c) Informal building construction and repair projects are accomplished by obtaining 3 written quotations for projects between \$30,000.00 and \$300,000. Also, when building construction or repair contracts in the informal range is between \$30,000.00 and \$300,000.00, minority business contractors shall be solicited.

**AWARD OF BID**

(a) After receipt and evaluation of bid proposals, the purchasing agent shall make a recommendation to the Town Council or Town Manager for purchases \$300,000.00 or less for projects approved in the budget. Such recommendation shall endorse the lowest responsible, responsive bidder, taking into consideration the following:

- (1) Price.
- (2) Quality.
- (3) Performance.
- (4) The time specified in the bid proposal for the performance of the contract (delivery or completion date).

(b) Performance and payment bonds are required for construction or repair work when a project exceeds \$100,000.00, and for each contract that exceeds \$50,000.00. The successful contractor shall be required to submit performance and payment bonds to secure the faithful

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performance of the terms of the contract and the payment of all sums due for labor and materials at time of contract execution.

(c) Award of a bid by the Town Council or the Town manager will result in execution of a purchase order and/or a contract. In general, a purchase order is used for a one-time purchase of supplies, equipment or services and for minor construction work. A contract and purchase order is used for nonprofessional services required over a period of time, for all professional services and for significant construction jobs.

(d) Though dollar amounts generally determine whether formal or informal procedures are required, such practices may also be followed for purchases below the minimum cost in each category. The objective of the purchasing office is to secure with efficiency what is needed, when it is needed, and at the lowest reasonable cost. Competitive bidding can save dollars regardless of the estimated purchased amount.

(e) The purchasing office must prepare or oversee the preparation of the specifications, hold a pre-bid conference when applicable, advertise for bids, and conduct the bid opening. Recommendations for bid award must be taken to the Town Council or the Town manager for purchases less than \$250,000.00 for projects approved in the budget for approval.

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**APPENDIX D**

**NON-FEDERAL FUNDS STANDARD SERVICE CONTRACT**



**NORTH CAROLINA  
TOWN OF CARRBORO**

**SERVICE CONTRACT**

**THIS CONTRACT** is made, and entered into by and between the **TOWN of CARRBORO**, a political subdivision of the State of North Carolina, (hereinafter referred to as "**TOWN**"), party of the first part and \_\_\_\_\_, (hereinafter referred to as "**CONTRACTOR**"), party of the second part.

**1. SERVICES TO BE PROVIDED**

**CONTRACTOR** hereby agrees to provide services and/or materials under this contract (hereinafter referred to collectively as "**SERVICES**") for \_\_\_\_ {Insert Name of Project} \_\_\_\_\_ pursuant to the provisions and specifications identified in "Attachment 1".

**2. TERM OF CONTRACT**

The term of this **CONTRACT** for services and supplies is from \_\_\_\_\_ to \_\_\_\_\_.

**3. PAYMENT TO CONTRACTOR**

**CONTRACTOR** shall receive from **TOWN** an amount not to exceed \$XXXXX. Unless otherwise specified, **CONTRACTOR** shall submit a monthly itemized invoice to \_\_\_\_\_ at the \_\_\_\_\_ Department of the Town of Carrboro, NC 27510. Payment will be processed within 30 days upon receipt and approval of the invoice by **TOWN**.

**4. INDEPENDENT CONTRACTOR**

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**TOWN** and **CONTRACTOR** agree that **CONTRACTOR** is an independent contractor and shall not represent itself as an agent or employee of **TOWN** for any purpose in the performance of **CONTRACTOR'S** duties under this contract. Accordingly, **CONTRACTOR** shall be responsible for payment of all federal, state and local taxes as well as business license fees arising out of **CONTRACTOR'S** activities in accordance with this contract. For purposes of this contract taxes shall include, but not be limited to, Federal and State Income, Social Security and Unemployment Insurance taxes.

**CONTRACTOR**, as an independent contractor, shall perform said services in a professional manner and in accordance with the standards of applicable professional organizations and licensing agencies.

#### 5. INSURANCE AND INDEMNITY

To the fullest extent permitted by laws and regulations, the **CONTRACTOR** shall indemnify and hold harmless the **TOWN** and its officials, agents, and employees from and against all claims, damages, losses, and expenses, direct, indirect, or consequential (including but not limited to fees and charges of engineers or architects, attorneys, and other professionals and costs related to court action or arbitration) arising out of or resulting from the performance of this Contract or the actions of the **CONTRACTOR** or its officials, employees, or contractors under this Contract or under the contracts entered into by the **CONTRACTOR** in connection with this Contract. This indemnification shall survive the termination of this agreement.

In addition, **CONTRACTOR** shall comply with the North Carolina Workers' Compensation Act and shall provide for the payment of workers' compensation to its employees in the manner and to the extent required by such Act. **CONTRACTOR** shall supply **TOWN** with certification of insurance for workers' compensation coverage with North Carolina statutory limits.

**CONTRACTOR** shall maintain, at its expense, the following minimum insurance coverage:

General Liability with Combined Single Limit Bodily Injury and Property Damage not less than \$1,000,000 and Products and Completed Operations Liability not less than \$1,000,000.

**CONTRACTOR** agrees to furnish **TOWN** a certificate of insurance from an insurance company, licensed to do business in the State of North Carolina and acceptable to **TOWN** verifying the existence of any insurance coverage required by **TOWN**. The certificate will provide for thirty (30) days advance notice in the event of termination or cancellation of coverage.

#### 6. HEALTH AND SAFETY

**CONTRACTOR** shall be responsible for initiating, maintaining and supervising all safety precautions and programs required by OSHA and all other regulatory agencies while providing services under this contract.

#### 7. NON-DISCRIMINATION IN EMPLOYMENT

**CONTRACTOR** shall not discriminate against any employee or applicant for employment because of age, sex, race, creed, national origin, disability or on the basis of sexual orientation or gender expression/identity. **CONTRACTOR** shall take affirmative action to ensure that applicants are employed and that employees are treated fairly and legally during employment with regard to their age, sex, race, creed, national origin, disability or on the basis of sexual orientation or gender expression/identity. In the event **CONTRACTOR** is determined by the final order of an appropriate agency or court to be in violation of any non-discrimination provision of federal, state or local law or this provision, this Contract may be canceled, terminated or suspended in whole or in part by **TOWN**, and **CONTRACTOR** may be declared ineligible for further **TOWN** contracts.

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**8. GOVERNING LAW**

This contract shall be governed by and in accordance with the laws of the State of North Carolina. All actions relating in any way to this contract shall be brought in the General Court of Justice in the County of Orange and the State of North Carolina

**9. AMENDMENT**

This contract may be amended only in writing by mutual agreement by both parties.

**10. TERMINATION OF AGREEMENT**

This contract may be terminated at any time by either party by written notice of a minimum of ninety (90) days.

This contract may be terminated, for cause, by the non-breaching party notifying the breaching party of a substantial failure to perform in accordance with the provisions of this contract and if the failure is not corrected within ten (10) days of the receipt of the notification. Upon such termination, the parties shall be entitled to such additional rights and remedies as may be allowed by relevant law.

Termination of this agreement, either with or without cause, shall not form the basis of any claim for loss of anticipated profits by either party.

**11. SUCCESSORS AND ASSIGNS**

**CONTRACTOR** shall not assign its interest in this contract without the written consent of **TOWN**. **CONTRACTOR** has no authority to enter into contracts on behalf of **TOWN**.

**12. COMPLIANCE WITH LAWS**

**CONTRACTOR** represents that it is in compliance with all Federal, State, and local laws, regulations or orders, as amended or supplemented. The implementation of this contract will be carried out in strict compliance with all Federal, State, or local laws regarding discrimination in employment.

**13. NOTICES**

All notices which may be required by this contract or any rule of law shall be effective when received by certified mail sent to the following addresses:

**TOWN OF CARRBORO  
FINANCE OFFICER  
301 WEST MAIN STREET  
CARRBORO, NORTH CAROLINA, 27510**

**14. AUDIT RIGHTS**

For all services being provided under this contract, **TOWN** shall have the right to inspect, examine, and make copies of any and all books, accounts, invoices, records and other writings relating to the performance of said services. Audits shall take place at times and locations mutually agreed upon by both parties, although **CONTRACTOR** must make the materials to be audited available within one (1) week of the request for them.

**15. TOWN NOT RESPONSIBLE FOR EXPENSES**

**TOWN** shall not be liable to **CONTRACTOR** for any expenses paid or incurred by **CONTRACTOR** prior to the commencement date of contract, unless otherwise agreed in writing.





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**APPENDIX E**

**FEDERAL FUNDS STANDARD SERVICE CONTRACT**



**NORTH CAROLINA  
TOWN OF CARRBORO**

**SERVICE CONTRACT**

**THIS CONTRACT** is made, and entered into by and between the **TOWN of CARRBORO**, a political subdivision of the State of North Carolina, (hereinafter referred to as "**TOWN**", party of the first part and \_\_\_\_\_, (hereinafter referred to as "**CONTRACTOR**"), party of the second part.

**1. SERVICES TO BE PROVIDED**

**CONTRACTOR** hereby agrees to provide services and/or materials under this contract (hereinafter referred to collectively as "**SERVICES**" for \_\_\_\_ {Insert Name of Project} \_\_\_\_\_ pursuant to the provisions and specifications identified in "Attachment 1".

**2. TERM OF CONTRACT**

The term of this **CONTRACT** for services and supplies is from \_\_\_\_\_ to \_\_\_\_\_.

**3. PAYMENT TO CONTRACTOR**

**CONTRACTOR** shall receive from **TOWN** an amount not to exceed \$XXXXXX. Unless otherwise specified, **CONTRACTOR** shall submit a monthly itemized invoice to \_\_\_\_\_ at the \_\_\_\_\_ Department of the Town of Carrboro, NC 27510. Payment will be processed within 30 days upon receipt and approval of the invoice by **TOWN**. (Note: For contracts of short duration, e.g. less than 3 months, monthly invoices should be avoided, and only provide for payment after satisfactory completion of the project.)

**4. INDEPENDENT CONTRACTOR**

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- a. **TOWN** and **CONTRACTOR** agree that **CONTRACTOR** is an independent contractor and shall not represent itself as an agent or employee of **TOWN** for any purpose in the performance of **CONTRACTOR'S** duties under this contract. Accordingly, **CONTRACTOR** shall be responsible for payment of all federal, state and local taxes as well as business license fees arising out of **CONTRACTOR'S** activities in accordance with this contract. For purposes of this contract taxes shall include, but not be limited to, Federal and State Income, Social Security and Unemployment Insurance taxes.
- b. **CONTRACTOR**, as an independent contractor, shall perform said services in a professional manner and in accordance with the standards of applicable professional organizations and licensing agencies.

**5. INSURANCE AND INDEMNITY**

- a. To the fullest extent permitted by laws and regulations, the **CONTRACTOR** shall indemnify and hold harmless the **TOWN** and its officials, agents, and employees from and against all claims, damages, losses, and expenses, direct, indirect, or consequential (including but not limited to fees and charges of engineers or architects, attorneys, and other professionals and costs related to court action or arbitration) arising out of or resulting from the performance of this Contract or the actions of the **CONTRACTOR** or its officials, employees, or contractors under this Contract or under the contracts entered into by the **CONTRACTOR** in connection with this Contract. This indemnification shall survive the termination of this agreement.
- b. In addition, **CONTRACTOR** shall comply with the North Carolina Workers' Compensation Act and shall provide for the payment of workers' compensation to its employees in the manner and to the extent required by such Act. **CONTRACTOR** shall supply **TOWN** with certification of insurance for workers' compensation coverage with North Carolina statutory limits.
- c. **CONTRACTOR** shall maintain, at its expense, the following minimum insurance coverage:
- d. General Liability with Combined Single Limit Bodily Injury and Property Damage not less than \$1,000,000 and Products and Completed Operations Liability not less than \$1,000,000.
- e. **CONTRACTOR** agrees to furnish **TOWN** a certificate of insurance from an insurance company, licensed to do business in the State of North Carolina and acceptable to **TOWN** verifying the existence of any insurance coverage required by **TOWN**. The certificate will provide for thirty (30) days advance notice in the event of termination or cancellation of coverage.

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**6. HEALTH AND SAFETY**

- a. **CONTRACTOR** shall be responsible for initiating, maintaining and supervising all safety precautions and programs required by OSHA and all other regulatory agencies while providing services under this contract.

**7. NON-DISCRIMINATION IN EMPLOYMENT**

- a. **CONTRACTOR** shall not discriminate against any employee or applicant for employment because of age, sex, race, creed, national origin, disability or on the basis of sexual orientation or gender expression/identity. **CONTRACTOR** shall take affirmative action to ensure that applicants are employed and that employees are treated fairly and legally during employment with regard to their age, sex, race, creed, national origin, disability or on the basis of sexual orientation or gender expression/identity. In the event **CONTRACTOR** is determined by the final order of an appropriate agency or court to be in violation of any non-discrimination provision of federal, state or local law or this provision, this Contract may be canceled, terminated or suspended in whole or in part by **TOWN**, and **CONTRACTOR** may be declared ineligible for further **TOWN** contracts.

**8. GOVERNING LAW**

- a. This contract shall be governed by and in accordance with the laws of the State of North Carolina. All actions relating in any way to this contract shall be brought in the General Court of Justice in the County of Orange and the State of North Carolina.

**9. AMENDMENT**

- a. This contract may be amended only in writing by mutual agreement by both parties.

**10. TERMINATION OF AGREEMENT**

- 11. This contract may be terminated at any time by either party by written notice of a minimum of ninety (90) days.
  - a. This contract may be terminated, for cause, by the non-breaching party notifying the breaching party of a substantial failure to perform in accordance with the provisions of this contract and if the failure is not corrected within ten (10) days of the receipt of the notification. Upon such termination, the parties shall be entitled to such additional rights and remedies as may be allowed by relevant law.

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- b. Termination of this agreement, either with or without cause, shall not form the basis of any claim for loss of anticipated profits by either party.

**12. SUCCESSORS AND ASSIGNS**

- a. **CONTRACTOR** shall not assign its interest in this contract without the written consent of **TOWN**. **CONTRACTOR** has no authority to enter into contracts on behalf of **TOWN**.

**13. COMPLIANCE WITH LAWS**

- a. **CONTRACTOR** represents that it is in compliance with all Federal, State, and local laws, regulations or orders, as amended or supplemented. The implementation of this contract will be carried out in strict compliance with all Federal, State, or local laws regarding discrimination in employment.

**14. NOTICES**

- a. All notices which may be required by this contract or any rule of law shall be effective when received by certified mail sent to the following addresses:

- i. **TOWN OF CARRBORO**
- ii. **FINANCE OFFICER**
- iii. **301 WEST MAIN STREET**
- iv. **CARRBORO, NORTH CAROLINA, 27510**

**15. 15 AUDIT RIGHTS**

- a. For all services being provided under this contract, **TOWN** shall have the right to inspect, examine, and make copies of any and all books, accounts, invoices, records and other writings relating to the performance of said services. Audits shall take place at times and locations mutually agreed upon by both parties, although **CONTRACTOR** must make the materials to be audited available within one (1) week of the request for them.

**16. TOWN NOT RESPONSIBLE FOR EXPENSES**

- a. **TOWN** shall not be liable to **CONTRACTOR** for any expenses paid or incurred by **CONTRACTOR** prior to the commencement date of contract, unless otherwise agreed in writing.

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**17. ENTIRE AGREEMENT**

- a. This Agreement and the attached document labeled “Attachment 1” shall constitute the entire understanding between **TOWN** and **CONTRACTOR** and shall supersede all prior understandings and agreements relating to the subject matter hereof and may be amended only by written mutual agreement of the parties.

**18. HEADINGS.**

- a. The subject headings of the paragraphs are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

**19. E-VERIFY**

- a. The **CONTRACTOR** shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. **CONTRACTOR** shall require subcontractors to comply with the requirements of Article 2, Chapter 64 of the North Carolina General Statutes.

**20. IRAN DIVESTMENT ACT CERTIFICATION**

- a. Contractor hereby certifies that Contractor, and all subcontractors, are not on the Iran Final Divestment List (“List”) created by the North Carolina State Treasurer pursuant to N.C.G.S. 147-86.58. Contractor shall not utilize any subcontractor that is identified on the List.

**21. DIVESTMENT FROM COMPANIES THAT BOYCOTT ISRAEL**

- a. Contractor certifies that Contractor has not been designated by the North Carolina State Treasurer as a company engaged in the boycott of Israel pursuant to N.C.G.S. 147-86.81. It is the responsibility of each contractor to monitor compliance with this restriction. Contracts valued at less than \$1,000.00 are exempt from this restriction.

**22. FEDERAL FUNDS PROVISIONS**

- 23. The           **(Insert Name of Project)**           project will be paid for, in part, by Federal funds. Therefore, pursuant to 2 C.F.R. 200.326 and 200 C.F.R. Part 200 Appendix 2, the following Federal provisions apply, or may apply:

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Equal Employment Opportunity (41 C.F.R. Part 60); Davis-Bacon Act (40 U.S.C. 3141-3148); Copeland 'Anti-Kickback' Act (40 U.S.C. 3145); Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); Clean Air Act (42 U.S.C. 7401-7671q); Federal Water Pollution Control Act (33 U.S.C. 1251-1387); Debarment and Suspension (Executive Orders 12549 and 12689); Byrd Anti-Lobbying Amendment (31 U.S.C. 1352); Procurement of Recovered materials (2 C.F.R. 200.322); and Record retention Requirements (2 C.F.R. 200.324).

The **CONTRACTOR** hereby agrees that each clause of this **CONTRACT** has been read and fully understands the meaning of the same and will comply with all of its terms.

**TOWN OF CARRBORO**

**CONTRACTOR**

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

\_\_\_\_\_  
**Date**

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

\_\_\_\_\_  
**Date**

**ATTEST**

**ATTEST**

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

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

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

\_\_\_\_\_  
**Finance Officer**



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APPENDIX F

**Town of Carrboro, North Carolina**  
**Contract Authorization** *(Revised 10/2018)*

**(Note: Contract must be executed by Vendor prior to Town execution)**

Department: \_\_\_\_\_ Contact Person: \_\_\_\_\_

Date of Request: \_\_\_\_\_

**Fund/Org/Object/Project Number:** \_\_\_\_\_ **Authorization: Board**

**Meeting Date** \_\_\_\_\_

Type of Contract: \_\_\_\_\_ Service \_\_\_\_\_ Construction \_\_\_\_\_ Inter-local \_\_\_\_\_ Other (Specify \_\_\_\_\_)

Vendor: \_\_\_\_\_

Vendor No.: \_\_\_\_\_

**(If this is a new vendor, please attach a completed IRS W-9 Form.)**

Service(s) to be provided: \_\_\_\_\_

Selection Method: Bid \_\_\_\_\_ RFP \_\_\_\_\_ RFQ \_\_\_\_\_ Informal \_\_\_\_\_ Formal \_\_\_\_\_  
Other Method (Please describe: \_\_\_\_\_)

Advertising Required: Yes \_\_\_\_\_ No \_\_\_\_\_ If Yes, Where \_\_\_\_\_  
When \_\_\_\_\_

Performance Bond: Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_ Waived \_\_\_\_\_

Insurance Requirements: \_\_\_\_\_

Contract Begin Date: \_\_\_\_\_ End Date: \_\_\_\_\_ Renewable: Yes \_\_\_\_\_ No \_\_\_\_\_

Contract Amount \$ \_\_\_\_\_ Contingency \$ \_\_\_\_\_ Reimbursable \$ \_\_\_\_\_ Total

Contract Cost \$ \_\_\_\_\_

If Multi-Year, How Many Years: \_\_\_\_\_ Current Fiscal Year Cost: \$ \_\_\_\_\_

Will Federal funds be used to pay for part of the costs? \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_ If yes, enter Total Amount:

\$ \_\_\_\_\_ Federal Agency: \_\_\_\_\_ Expiration Date of Federal Funds: \_\_\_\_\_

Town Attorney Review: Yes \_\_\_\_\_ No \_\_\_\_\_ Contract Template Used: \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_

Independent Contractor Checklist Attached: Yes \_\_\_\_\_ No \_\_\_\_\_ N/A \_\_\_\_\_

**Department Head or Designee:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**(Finance Department Use Only)**

**Contract Number:** \_\_\_\_\_ **Vendor #:** \_\_\_\_\_ **Funds Available:** \_\_\_\_\_ Yes \_\_\_\_\_ No \_\_\_\_\_

**Encumbered:** \$ \_\_\_\_\_

Capital Project Ordinance #: \_\_\_\_\_ Grant Project Ordinance #: \_\_\_\_\_

Compliance: \_\_\_\_\_ Yes \_\_\_\_\_ No Return to Department for following reason(s): \_\_\_\_\_

Reviewed By: \_\_\_\_\_ Date: \_\_\_\_\_

Revised 10/2018