

**TOWN OF FRONT ROYAL
PROCEDURES FOR PURCHASING AND PROCUREMENT MANUAL**

December 13, 2002
Revised

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PREFACE

The purpose of this Manual is to assemble in one volume the laws, procedures, rules and regulations pertaining to purchasing for the Town of Front Royal, Virginia.

This manual is authorized by Town Council resolution, dated December 13, 1982. It is based on the Virginia Public Procurement Act. Activities and procedures of the Town of Front Royal Purchasing Department are regulated by, and must comply with the Virginia Public Procurement Act of the Code of Virginia.

Employees of the Town of Front Royal are to follow the prescribed procedure outlined in this Manual in requesting purchases. It is the purpose of this Manual to serve as a continuing reminder of the duties and responsibilities involved in procuring required items.

The purchase function is to provide a centralized system for the procurement of materials, supplies, equipment and services at the lowest possible cost consistent with the quality needed for the proper operation of the various municipal departments.

Provision is outlined for the disposal of replaced and excess materials or property of the Town of Front Royal.

In the solicitation or awarding of contracts, no department of the Town shall discriminate against a bidder or offeror because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment.

Our goal is the promotion of the Town's best interests through intelligent action and fair dealing which will result in obtaining the maximum value for each dollar of expenditure.

PROVISIONS

- I** **Provisions** – for the establishment and basic function of the Town “Purchasing Division”.
- A.** **Establishment of Purchasing Division:**
There shall be a division of the Town government designated as Purchasing, and the Purchasing Agent is and shall be charged with the management of said division, under the supervision of the Finance Director, pursuant to these policies, or such rules and regulations that may be prescribed by the Town Manager and/or the Town Council.
- B.** **Appointment, Qualifications, Compensation of Town Purchasing Agent, Assistants and Subordinates:**
The Purchasing Agent shall be appointed by the Town Manager, and should have had, prior to his or her appointment, at least three (3) years experience in an executive capacity in a purchasing office or other equivalent experience. The compensation of the Purchasing Agent shall be fixed by the Town Council. The Town Manager, upon recommendation of the Finance Director may appoint such assistants and subordinates in the purchasing division as provided for in the annual budget.
- C.** **Temporary Purchasing Agent:**
In the event of the unavailability of the Purchasing Agent, the Town Manager may appoint a “Temporary Purchasing Agent”. Release of the Temporary Purchasing Agent will be by written order of the Town Manager to the Finance Director.
- D.** **Duties of the Purchasing Agent:**
The Purchasing Agent shall assist and coordinate the purchases of all supplies for the Town, manage any competitive procurements, as necessary, and dispose of personal property of the Town as provided by the Town Council. The Purchasing Agent shall require from the director of each department a requisition for the quantity and kind of supplies or services to be procured for the department. Upon certification that funds are available in the proper appropriations, such supplies shall be purchased and shall be paid for from funds in the department’s budget for that purpose. It is the individual department’s responsibility to ensure that no supplies shall be purchased unless there is an available appropriation balance sufficient to pay for such supplies. However, this procedure shall not prevent the Purchasing Agent from purchasing supplies for cash on account of storehouse stock for future use by the various departments under such regulations as the Finance Director and Town Manager may prescribe. The Purchasing Agent shall also perform such other duties as may be designated by the Finance Director or Town Manager.

E. Emergency Purchases:

In cases of emergency, a contract may be awarded or purchases may be made without competitive pricing, bidding or competitive negotiation; however, such procurement shall be made with such competition as is practicable under the circumstances. In such cases, during regular working hours, the Purchasing Agent will authorize the purchase order. If the Purchasing Agent is not available, the Finance Director or the Town Manager will make the authorization. For an emergency at other hours, purchases may be made directly by the using department, with the approval of the director. When emergency expenditures have been incurred, the Small Purchase process is used, and the purchase requisition is labeled "EMERGENCY". When the Purchasing Office is next open, the requisition document issued as confirming such purchase will be forwarded to the Purchasing Agent, along with the certification by the department director stating the facts of the emergency and any change in appropriations necessitated by the emergency.

F. Sole Purchases

Upon a determination in writing that there is only one source practicably available for that which is to be procured, a contract may be negotiated and awarded to that source without competitive sealed bidding or competitive negotiation. The writing shall document the basis for this determination. The department director shall issue a written notice stating that only one source was determined to be practicably available, and identifying that which is being procured, the contractor selected, and the date on which the contract was or will be awarded. This notice shall be posted in a designated public area or published in a newspaper of general circulation on the day the Town awards or announces its decision to award the contract, whichever occurs first. Public notice may also be published on the Town of Front Royal Web site.

G. Authority to Purchase Supplies for Storehouse

Subject to the supervision and control of the Finance Director, the Purchasing Agent shall have authority to purchase goods and supplies on the account of the storehouse stock and to furnish same goods to the various departments of the Town at cost. Such goods and supplies shall be paid for upon receipt of the proper Purchasing Documentation and charged to the Town's General Fund. As these goods and supplies are furnished to the various departments, the cost shall be credited to the Town storehouse and charged to the department for which such goods and supplies are issued. A perpetual stock record shall be kept of each item in the storehouse inventory.

H. Requirement to Purchase by Requisition:

Except as otherwise provided, no materials or supplies for use by the Town government may be ordered except by a requisition signed by the director of the department certifying that there is sufficient money appropriated and available to pay for the materials or supplies. Purchases or contracts for any supplies, materials, equipment, or contractual service by any department,

office, agency or individual, contrary to the provisions or the rules and regulations made herein, shall be subject to disciplinary action up to or including termination of the responsible individual's employment. The director of the department, office, agency or individual shall be personally liable for the cost of such order or contract, and if already paid for out of Town funds the amount therefore may be recovered in the name of the Town in any appropriate action. The Purchasing Agent may advise revision of requisitions and shall have power to refuse requisitions subject to appeal to the Town Manager who shall make the final decision.

I. Disposition of Replaced Articles of Equipment:

In any case where any article of equipment is purchased for the purpose of replacing similar equipment, or any property or material becomes excess to the needs of a department, the Town Manager is authorized to direct the Purchasing Agent to dispose of said equipment, property or materials in any manner provided by the Town Council.

J. General Disqualifications:

No member of the Town Council, nor the Town Manager nor any other officer or employee of the Town shall:

1. Solicit or accept money or other thing of value for services performed within the scope of his/her official duties, except the compensation, expenses or other remuneration paid by the agency of which he is an officer or employee.
2. Accept any money, loan, gift, favor, service, or business or professional opportunity that reasonably tends to influence him/her in the performance of his/her official duties.
3. Accept any business or professional opportunity when he knows that there is a reasonable likelihood that the opportunity is being afforded him to influence him in the performance of his official duties.
4. Accept gifts from sources on a basis so frequent as to raise an appearance of the use of his/her public office for private gain.
5. Any contract with the Town in which a member or members of the Town Council, or the Town Manager, or any other Town official or employee is interested, in violation of the provisions of this section, may be declared void by the Council; or where two or more members of the Town Council are so interested, such contract may be voided at the suit of any citizen. .

K. Debarment Procedures:

By resolution of the Town Council, a procedure was adopted for particular contractors whose performance has been unsatisfactory. The Purchasing Agent shall take action to exclude individuals or firms from contracting with the Town for particular types of goods or nonprofessional services for a period not more than five (5) years. Debarment does not relieve the contractor of responsibility for existing obligations. The causes for debarment pursuant to this policy include:

1. A recent record of failure to perform or of unsatisfactory performance in accordance with the terms of the contract.

2. Deliberate failure to perform in accordance with the contractual specifications or within the time limit provided by the contract.
3. Conviction under State or Federal statutes of a criminal offence where there was an attempt to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.
4. Conviction under State or Federal statutes of embezzlement; theft; forgery; bribery; falsification or destruction of records; receiving stolen property; or any other offense indicating a lack of business integrity or business honesty, which would affect the responsibility as a contractor with the Town.

An individual or firm being debarred from contracting with the Town will be notified in writing stating the reasons for the action taken, and shall be given the opportunity to be heard before a panel which shall include, but not be limited to, the using department and the Purchasing Agent. A copy of the debarment decision shall be mailed, or otherwise furnished, to the debarred individual or firm. The decision may be appealed in writing to the Town Manager within ten (10) calendar days of notice of debarment. The Town Manager's decision shall be final.

L. Exemptions for Certain Purchases:

1. The purchase of legal services or expert witnesses or other services associated with litigation or regulatory proceedings may be contracted without competitive bids or negotiations.
2. When authorized to do so by State specifications, purchase may be made through utilization of a State contract.
3. Purchases where competitive negotiation is appropriate.

PURCHASING PROCEDURES

II Purchasing Procedures - The following purchasing procedures are hereby established for the Purchasing Agent to govern his or her conduct and the conduct of assistants in their relations with the various departments of the Town and with vendors in their dealings with the Town. Except as provided by these procedures, no officer or employee of the Town government has the authority to contract for the purchase of materials, equipment, supplies, or other essentials except the Town Manager or the Purchasing Agent. The following procedures shall be used by every bureau, division or department. Any questions on instructions or preparation of forms should be directed to the Finance Director, the Purchasing Agent, or their designees. The department director may establish guidelines for his/her directorate that may be more stringent than within this document to maintain control over purchasing within that department.

- A. Limitations:** Authorization for purchases, following proper procedures, up to the amounts listed below, may be made.
1. Small Purchases - may be made with the knowledge and consent of the department director, up to an amount of \$2,000. Every effort should be made to ensure that the purchase is made in a competitive manner.
 2. Verbal Quotations – for purchases in amounts greater than \$2,000 up to a threshold of \$10,000, not including vehicles or rolling stock, a minimum of three verbal or telephone quotations must be obtained. The quotations must be noted on the Requisition for Purchase form, with vendor name, contact person, and dollar amount quoted. The department director's, or designee's, signature must be affixed to requisition. All supporting documentation will be delivered to the Purchasing Agent for issuance of a Purchase Order.
 3. Written Quotations – for purchases between \$10,000 and \$25,000, not including vehicles or rolling stock, a minimum of three written solicitations must be obtained. These solicitations must be on the vendor's letterhead. The department director's signature must be affixed to the requisition. In the event the department head is unavailable or unable to sign, the requisition must be signed by the Town Manager. All supporting documentation will be delivered to the Purchasing Agent for issuance of a Purchase Order.
 4. Sealed Quotations or Competitive Negotiations – must be processed on all purchases over \$25,000, and purchase of vehicles or rolling stock. The Town Manager or Purchasing Agent may request sealed quotations on purchases of lesser amounts if deemed to be in the best interest of the Town to do so.
 5. Purchasing Agent – will authorize purchase orders for amounts greater than \$2,000 up to the amount of \$25,000, provided sufficient appropriations exist and all competitive requirements have been met.

6. Town Manager – will authorize purchase orders in amounts over \$25,000, after formal approval by Town Council.
7. Town Council – must approve all purchases in amounts over \$25,000.

B. Distribution and Use of Forms:

1. Requisition for Purchase

The ordering department will use the Requisition for Purchase to instruct the Purchasing Agent to procure needed supplies and services. Accordingly, full and complete information should be provided. The requisition is to be signed by the department director, certifying that the items are required for Town business and that sufficient appropriations are available. The originating department should keep a copy of the purchase requisition on file for future audit purposes.

For purchases greater than \$2,000 and less than \$10,000, the requisition is signed by the Purchasing Agent, in addition to the department director, or designee, certifying that all procurement requirements have been met.

For purchases greater than \$10,000 and less than \$25,000, the Purchasing Agent, in addition to the department director, certifying that all procurement requirements have been met signs the requisition. In the event the department director is unavailable or unable to sign, the Town Manager must sign the requisition.

2. Request for Quotation

This form (RFQ or IFB) is designed for use in formal sealed bids in excess of \$25,000 estimated value, vehicles, and rolling stock. It may be used for requests of lesser value, but is not mandatory in those instances. This form is always initiated and prepared by the Purchasing department either at the request of the using department, or it is generated in the normal procurement process. On purchases of more than \$2,000 and less than \$25,000 quotations will be informally requested from at least three vendors. The vendor's name and their quotation should be listed on the purchase requisition, which the department director must sign. A notation should be made to justify any purchase where the lowest quotation is not accepted.

Competitive Negotiation

This method may be used upon determination in writing that competitive sealed bidding is either not practicable or fiscally advantageous to the Town for the purchase of goods, services, insurance or construction. The writing shall document the basis for this determination. A written Request for Proposal (RFP) is issued that describes in general terms what is to be procured, the factors to be used in evaluating the proposal, the applicable contractual terms and conditions, including any unique capabilities or qualifications

required of the contractor. After negotiations have been conducted, a contract is awarded.

3. Purchase Order

The Purchase Order is completed by the Purchasing Agent based upon information in the Requisition for Purchase. A Purchase Order is required for any procurement over \$2,000, and is optional for smaller amounts. The Purchasing Office will issue a Purchase Order to the vendor and provide copies to the Finance Department and originating department in addition to its own requirements. When the amount of the Purchase Order exceeds \$25,000, it must be approved by the Town Manager, whose signature will also certify that any purchase greater than \$25,000 has been formally approved by the Town Council.

4. Small Purchases

Pick-up purchases may be made directly by the originating department for procurements in amounts up to \$2,000. These purchases may be made locally or electronically. It is the responsibility of the ordering department to provide timely documentation to the Purchasing Agent. This documentation must be in the form of a signed and coded receipt and/or a properly executed purchase requisition. The department director's, or designee's, signature on the document confirms that the purchase is appropriate and that sufficient funds are available. Failure to comply with the requirements of the small purchases process may result in the loss of this privilege.

5. Credit Cards

Town credit cards have been issued to the Town Manager and Town Clerk. Additional cards are available use by employees on official Town travel. Receipts must be returned for all travel expenses charged to the card. Purchases made with a Town credit card for which receipts are not received may require personal reimbursement to the Town from the employee. No goods, supplies, materials or other commodities used for the operation of any Town department will be acquired through the use of a Town credit card.

III Duties of the Purchasing Agent and Assistants

A. General

It will be the duty of the Purchasing Agent and any assistants to:

1. Assist and coordinate the purchase or contract for all supplies needed by any division or department of the Town in accordance with the purchasing procedures prescribed in this manual. Direct and manage any competitive procurement required to secure materials and/or services.
2. Act to procure for the Town the highest quality supplies at the least expense to the Town.

3. Encourage competition and endeavor to obtain as full and open competition as possible on all purchases and sales.
4. Keep informed of current developments in the field of purchasing, market conditions, and new products, and secure for the Town the benefits of research done in the field of purchasing by other governmental jurisdictions, national technical societies, trade associations having national recognition and by private businesses and organizations.
5. Explore the possibilities for volume buying, so as to take full advantage of any and all discounts.
6. Act to procure for the Town all Federal and State Tax exemption to which it is entitled.
7. Cooperate with the Finance department so as to secure for the Town the maximum efficiency in budgeting and accounting.
8. Consult the Town department directors for advice and recommendations on items in question and regarding improvements in the purchasing process.
9. Prepare and maintain a vendor list classified according to materials, supplies, and service. Any firm may be placed on a vendor list upon application by letter, phone, email, or in person.
10. Prescribe and recommend such forms as shall be reasonably necessary to the efficient operation of the Purchasing Division.

IV General Purchasing Guidelines

A. Changes to Rules and Regulations

The Purchasing Agent will make recommendations to the Finance Director as to any necessary changes or additions to the procedures for the operation of the division.

B. Contracting

1. The Purchasing Agent will join with other units of government in cooperative purchasing plans when the best interests of the Town will be served.
2. The Purchasing Agent will initiate and sign all Purchase Orders. Those Purchase Orders that are greater in amount than \$25,000 must also be approved by the Town Council, and so designated by the signature of the Town Manager.
3. Before entering into a contract, the Town reserves the right to require a Performance bond from the successful bidder.
4. During the performance of any contract, the contractor must agree to:
 - a. Provide a drug-free workplace for the contractor's employees, and post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace.
 - b. Specify the actions that will be taken against employees for violations of such prohibition.

- c. State in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace
- d. Include the provisions of the foregoing clauses in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

C. Competitive Sealed Bidding

1. All specifications for purchases shall be definite and certain, not based on specific brands and shall permit maximum competition except in non-competitive situations.
2. All purchases and contracts for supplies shall, except as specifically provided otherwise, be based on competitive sealed bids in amounts where a single order or contract exceeds \$25,000.
3. When deemed necessary by the Purchasing Agent, bid deposits shall be prescribed in the notice inviting bids. Unsuccessful bidders shall be entitled to the return of deposit where the Agent has required it. A successful bidder shall forfeit any deposit required by the Purchasing Agent upon failure on his part to enter a written contract within ten (10) working days after the award.
4. Bidding Procedure for Purchases Greater than \$25,000
 - a. Bids shall be submitted sealed, on the Town form, to the attention of the Purchasing Agent and shall be identified as such on the outermost envelopes.
 - b. Notices and Invitations to Bid shall be identified in writing and posted in public.
 - c. Bids shall be opened in public at the date; time and place stated in the notices or bid forms.
 - d. A tabulation of all bids received shall be made available to anyone interested.
 - e. The Town Council and/or the Town Manager shall have the authority to reject all bids, part of all bids, or all bids for any one or more supplies or contractual services included in the proposed contract. However, bidders have the right to qualify their bid on an “all or none” basis.
 - f. Awards may be made to more than one offerer or bidder, and prompt payment discount or other favorable terms may be considered in determining the low bid.
 - g. If bids received are for the same total amount or unit price, quality and service being equal, first consideration shall be given to the local bidder.
 - h. No contract or purchase shall be subdivided to avoid the requirements of competitive bidding.
 - i. Uniform bidding as a result of an agreement or understanding with other bidders, which evidences fraud or deceit, will be basis for removal of such bidder or bidders responsible from the vender list maintained by the Purchasing Agent.

- j. The Town Council may waive the technical requirements imposed by this manual when it deems the same to be in the best interest of the Town.

B. Competitive Negotiations

1. The department director determines in writing that competitive sealed bidding is either not practicable or not fiscally advantageous. The writing shall document the basis for this determination.
2. A written Request for Proposal is issued, describing in general terms what is to be procured, the evaluation factors, applicable terms and conditions.
3. A notice of the RFP is publicly posted at least ten (10) days prior to the date set for receipt of proposals, and will be published in a newspaper of general circulation.
4. All prospective offerors are furnished identical information. Any changes or additions to the RFP will be issued in writing to all prospective offerors.
5. A public opening is not required. If the RFP states that a public opening will be held, the names of the offerors is the only information read aloud.
6. Proposals are evaluated against the criteria contained in the RFP.
7. Negotiations are conducted with selected offerors.
8. A contract is negotiated and awarded to the offeror.

C. Awarding Contract

1. The Town Council will award any contract for amounts greater than \$25,000.
2. The Purchasing Agent will approve contracts for amounts up to \$25,000.
3. Contracts shall be awarded to the lowest responsive and responsible bidder. In determining “lowest responsive and responsible bidder”, in addition to price, the Town Council, Town Manager or Purchasing Agent may consider:
 - a. The ability, capacity and skill of the bidder to perform the contract.
 - b. Whether the bidder can perform the contract promptly, or within the time specified without delay or interference.
 - c. The character, integrity, reputation, judgement, experience and efficiency of the bidder
 - d. The quality of performance of previous contracts.
 - e. The previous and existing compliance by the bidder with the laws and ordinances relating to the contract.
 - f. The sufficiency of the financial resource and ability of the bidder to perform the contract.
 - g. The quality, availability and adaptability of the supplies, to the particular use required.
 - h. The ability of the bidder to provide future maintenance for the use of the subject of the contract.
 - i. The number and scope of conditions attached to the bid.

- E. Small Purchases**
Purchases in amounts greater than \$2,000 and less than \$10,000 shall, wherever possible, be based on at least three competitive quotations or offers, and noted on the “Requisition for Purchase” form. Purchase between \$10,000 and \$25,000 must be based on at least three written quotations, received on a vendor letterhead. The Purchasing Agent shall keep a record of all purchases and the bids submitted in competition, and such records shall be open to public inspection.
- F. Solicitation of Bids**
For contracts or purchases greater than \$25,000, the Purchasing Agent shall at least ten (10) days before bids are due, publish a request for bids in a newspaper of local circulation, giving a description of the project or product needed and asking for the submission of sealed bids from responsible contractors or suppliers. In addition, the Town may solicit bids by any and all other means.
- G. Disposal of Excess Materials or Property:**
When items of property and materials become excess to the need of a department, the Purchasing Agent shall be notified by the department director. The Purchasing Agent will then proceed to dispose of such excess property or materials by one or more of the following methods:
1. Transfer to another department if a valid requirement exists in the department. Such transfer will be limited to property that is in good condition and with a reasonably long life expectancy.
 2. Sale by public auction or by private sale as provided in Town Code.
 3. Dismantle for parts.
 4. Transfer or destruction of property as otherwise directed by the Town Council.
 5. No item will be disposed of except through the Purchasing Office.

IV Items that may be processed directly by to Finance Director subject to the availability of funds

- A. Contracts for equipment maintenance service
- B. Contracts for services or commodities (i.e. utilities, postage, etc...).
- C. Dues for professional and organizational membership
- D. Insurance premiums and Workmen’s Compensation as approved by the Town Council
- E. Mileage and other travel reimbursements
- F. Newspaper and periodical subscriptions
- G. Purchases of Real Estate as directed by the Town Council

V. **Advisory Committee on Standardization and Specifications**

- A. There is hereby established an administrative Advisory Committee on Standardization and Specifications. The Committee shall be composed of the Finance Director, who shall preside, the department directors using the item, the Town Purchasing Agent and such other members as the Finance Director may from time to time appoint.
- B. The function of the Committee shall be to advise as to the classification of supplies and the specifications of standard supplies used by the Town.
- C. All standardization and specifications are to be made along specific lines so as to encourage bids, avoiding the use of trade names or company specifications.
- D. The Committee shall meet at the call of the Finance Director and shall consider such matters as may properly come before it.

VI **General Information for Vendors Dealing with the Town**

This section is directed to the vendors dealing with the Town so that they and their representatives can become better acquainted with the Town purchasing process. It is the intention of the Purchasing division to make the Vendor-Town relations both pleasant and business like. Answers to questions not found in this manual may be addressed by contacting the Purchasing Agent's Office or the Finance Director.

A. **Purchasing Division Office**

The Purchasing division office is located at:

Purchasing Agent
Finance Payment Center Building
15 N. Royal Avenue
P.O. Box 1560
Front Royal, VA 22630

B. **Telecommunication Numbers**

Telephone: (540) 636 – 6889 Fax: (540) 636 – 7473
Emails: Purchasing **cahartman@frontroyalva.com**
 Finance **kgilkeybreeden@frontroyalva.com**
 Town **www.frontroyalva.com**

C. **Purchase Order as Means of Purchasing**

All purchases in amounts greater than \$2,000 must be authorized by a Purchase Order prepared by the Purchasing Office based upon a requisition from the ordering office.

D. **Information to Vendor or Purchaser**

Correct and complete detailed specifications and a formal bid proposal will be mailed to vendors on file for the particular material, supply or service. Notice will be given for a period of at least ten (10) days. Bids will be opened in public at the time and place stated in the bid form.

- E. Formal Bids for Items Constantly Needed by the Town
Such materials, supplies or services that are constantly needed for Town operation will be set-up by the Purchasing Office on a formal bid when, in the opinion of the Town Manager, the volume justifies such action, and the contract will be awarded for a definite period.

- F. Vendor's Contact with Town
The Purchasing Agent's Office is the first point of contact when wishing to present or demonstrate a product. Waste of vendors' time and that of other Town officials will be avoided by vendors going directly to the Purchasing Office. The Purchasing Agent will set up appointment with department directors to witness any presentation or demonstration of a product.

- G. Vendor's Samples
When samples are requested with bids, they are held until after award is made unless otherwise specified. When a vendor wants to submit a sample of his product for trial use, it must be presented at no cost to the Town.