

ASSET MANAGEMENT POLICY

Adopted by Town Board Resolution No. 2007-469 on 03/27/07

ASSET MANAGEMENT POLICY STATEMENT NO. 1

Appointment of Department and Location Asset Custodians

This policy statement sets forth procedures for the establishment of a custodian of assets within each department of the Town Government and for each location of that department.

Asset Custodian:

- * The Department Head of a given department, or such other person whom department management may designate will be the Custodian of Assets ("**Asset Custodian**") for that location.
- * The Asset Custodian will be provided the most recent inventory of property assigned to that location.
- * **For Assets, the control and use of which is given to an individual (i.e. vehicles, cell phones, computers, keys to Town facilities, etc.), the Departments of General Services and Human Resources shall maintain records documenting such assignments to the individuals. The Asset Custodian shall coordinate with these Departments.**
- * The **Asset** Custodian, in consultation with the Comptroller's Office, will have the responsibility to exercise reasonable judgment and care to safeguard those assets.
- * Annual inventories will be conducted and the Asset Custodian will make him/herself available to assist in the inventory, if necessary, by providing information to the personnel conducting the inventory.
- * It is the responsibility of the Asset Custodian to report the department's asset record additions and deletions to the Comptroller's Office as outlined in Policy Statement No. 2.

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ASSET MANAGEMENT POLICY STATEMENT NO. 2

Establishes Guidelines for the Control of Town of Southampton's Non-Infrastructure Assets.

This policy statement sets forth procedures for the recording and inventorying of assets acquired by Town Government.

1. **Assets to be Inventoried:**
Assets will be inventoried and recorded in the Town's Assets Management System if the following criteria are met:
 - a. The asset has a value equal to or greater than \$1,000
and
 - b. The asset has a useful life greater than 1 year
or
 - c. At the discretion of department management and the Comptroller's office, are deemed to be sensitive.
 - * The asset custodian, as set forth in Policy Statement No. 1, will be provided with a report of assets assigned to his/her department or location. Revised reports will be provided by the Comptroller's office when records have been updated.
 - * The ability to edit, add or delete asset records will be restricted to the Comptroller's Office.

2. **Acquisition of New Assets:**
When an asset is purchased either from an equipment or capital project expenditure line, the town's financial accounting software will create a temporary asset record in the Town's automated asset management system. The Comptroller's office will forward to the department's asset custodian, an Asset Addition Form, along with a bar code tag, if applicable. The asset custodian will be responsible for affixing the tag to the asset, completing the form and returning it to the Comptroller's office by the requested return date.

3. **Disposition/Transfer of Assets:**
When an asset is to be either disposed of or transferred to another department, it is the responsibility of the asset custodian to notify the Comptroller's office by submitting an Asset Inventory Change Report prior to disposition/transfer.

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4. **Periodic Inventory of Town Assets:**
Annual physical inventories of town wide assets will be conducted and results compared to recorded assets. Any items unaccounted for will be reported to the department head for remedial action, who, in turn will report corrective measures regarding said assets to the Comptroller's office. Discrepancies in asset records over \$1000 will be reported to the Town Board at the discretion of the Comptroller.

5. **Assets Acquired by Contract Agencies with Town Funds:**
The Town of Southampton contracts with several outside agencies, as well as other local municipalities in which assets may be acquired with town funds. In determining the ownership of these assets, the Comptroller's Office will consult with the Town Attorney's Office to interpret the terms of the individual contracts to determine ownership.

6. **Assets Acquired with Federal/State Grant Funds:**
Any assets acquired by the Town of Southampton using Federal or State funding will be recorded and disposed of in compliance with the contractual terms and conditions of the granting agency and existing Federal, State and Town law.

7. **Leasehold Agreements:**
The Town of Southampton enters into lease agreements with other municipalities or contract agencies where town owned property is leased. By reviewing the contractual terms and applying tests using capital vs. operating lease criteria as mandated by the Financial Accounting Standards Board, the Comptroller's office will determine ownership of these assets. These assets will be recorded in the Town's Asset Management System according to the results of these tests.

ASSET MANAGEMENT POLICY STATEMENT NO. 3

Establishes the Procedures for Reporting Non-Infrastructure Capital Assets

This policy sets forth the procedures for the reporting of non-infrastructure assets under GASB Statement No. 34.

1. Inventoried, Non-Infrastructure Assets will be Reported as Capital Assets in compliance with GASB Statement # 34 when:

* Estimated useful life is at least two years from the date of acquisition.
and

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- * An individual capital asset value is at least \$1,000
or
- * Town Management has determined a necessity to report a capital asset.

2. Useful Lives for Reporting Purposes:

Capital assets purchased or acquired with an original cost of \$10,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed and incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	25-50 years
Improvements other than buildings	20 years
Machinery and equipment	5-30 years
Infrastructure:	
Bridges	50 years
Roads, curbs & sidewalks	20-30 years
Lighting system	15 years
Bulkheads, piers & boardwalks	10-30 years
Water & sewer mains	25 years

Infrastructure assets, consisting of certain improvements other than buildings including easements, bridges, bulkheads, piers, boardwalks, roads, curbs, sidewalks, drainage system, street lighting, water mains and sewer systems are capitalized along with other capital assets.

- ### 3. Method of Depreciation:
- The Town will use the Straight-Line Method to account for depreciation of capital assets.

NOTES:

DEBT SERVICE RESERVE POLICY COMMUNITY PRESERVATION FUND (CPF)

Adopted by Town Board Resolution No. 2009-802 on 07/14/09

1. The Comptroller shall establish a CPF Debt Service Reserve Fund, which shall be indicated as designated fund balance, commencing in the year 2009 using the transferred amount of \$1,230,992 from Fund 19 (Debt Clearing Fund); and
2. The Comptroller shall designate monthly accruals to the CPF Debt Service Reserve Fund, which shall be indicated as part of the annual budget as operating budget transfers, in an amount no less than \$150,000 per month for the remainder of 2009, commencing in July; and no less than \$250,000 per month for 2010. At year-end 2010, it is the Town's objective to have at least \$5 million in said Reserve Fund, representing an estimated 6 months worth of debt service, so as to protect the General Fund taxpayers from the volatility of the CPF revenues on an annual basis and meet the Town's obligation to repay bonded indebtedness.

2009 Interfund Transfer from Fund 19 \$1.2 million

2009 6 x \$150,000 \$900,000

2010 12 x \$250,000 \$3.0 million

3. The Comptroller shall ensure the adequacy of the CPF Debt Service Reserve Fund on an annual basis, rendering a report to the Town Board on or before October 1 of each year with a bonded indebtedness schedule attached. Commencing at year end 2011, the designated fund balance restricted to debt service obligations for the CPF Program shall be equal to the annual debt service obligations for the subsequent year, in accordance with §§140-3.1 A(5) and 3.2 A(6) of the Town Code.
4. The Town Board may adopt an amendment to this policy by subsequent resolution in the event of greater liquidity of the fund. This policy enhances the Town Board's ability to consider expanding purchasing power through borrowing, while ensuring the ability to cover debt service obligations.

NOTES:

DEBT MANAGEMENT POLICY

Adopted by Town Board Resolution 2009-199 on 02/24/09

Introduction

The following policy is enacted in an effort to standardize and rationalize the issuance and management of debt by the Town of Southampton. Regular, updated debt policies can be an important tool to insure the judicious use of the Town's resources to meet its commitments to provide needed services to the citizens of the Town and to maintain sound financial management practices. The primary objective is to establish conditions for the use of debt and to create procedures and policies that minimize the Town's debt service and issuance costs, retain the highest practical credit rating, and meet or exceed all financial disclosure and reporting requirements. The policies apply to all general obligation debt issued by the Town of Southampton, debt guaranteed by the Town, and any other forms of obligation of indebtedness.

The Town Board has adopted these policies by resolution. These policies are guidelines for general use, and allow for exceptions in extraordinary circumstances. Under the recommendation of the Town's Bond Counsel, Financial Advisor and/or Comptroller, the Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

A. Credit-worthiness Objectives

Policy 1. Credit Ratings: The Town of Southampton seeks to maintain the highest possible credit ratings for all categories of short- and long-term General Obligation debt that can be achieved without compromising delivery of basic Town services and achievement of Town policy objectives.

The Town recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. The Town Board remains committed to ensuring that actions within their control are prudent and beneficial to its citizens.

Policy 2. Financial Disclosure: The Town is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, Town departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The Town is committed, as well, to meeting secondary disclosure requirements on a timely and comprehensive basis.

Policy 3. Capital Planning: To enhance creditworthiness and prudent financial management, the Town of Southampton is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning.

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DEBT MANAGEMENT POLICY

Evidence of this commitment to systematic capital planning will be demonstrated through adoption of a ten- year Capital Improvement Budget.

Policy 4. Debt Limits: The Town will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives.

B. Purposes and Uses of Debt

Policy 5. Capital Financing: The Town normally will rely on internally generated funds and/or grants and contributions from other governments to finance its capital needs. Debt will be issued for a capital project only when other competitive funding is not available or sufficient.

Policy 6. Asset Life: Town debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed, as recommended by its Bond Counsel and Financial Advisor.

C. Debt Standards and Structure

Policy 7. Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users.

Policy 8. Debt Structure: Debt will be structured to achieve the lowest possible net cost to the Town given market conditions, the urgency of the capital project, and the nature and type of security required. Moreover, to the extent possible, the Town will design the repayment of its overall debt so as to maintain its highest possible credit rating.

Policy 9. BAN's and Short Term Loans: Use of short-term borrowing, such as bond anticipation notes (BAN's), tax anticipation notes (TAN's) and revenue anticipation notes (RAN's), will be undertaken by the Comptroller, only if the transaction costs plus interest of the debt are less than the cost of internal financing, or available cash is insufficient to meet working capital requirements.

D. Debt Administration and Process

The following policies apply to all Town debt issuance, including all General Obligation Debt unless specifically noted. The Town will evaluate its experience under these policies, and will make changes, if needed, at any time by resolution of the Town Board.

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DEBT MANAGEMENT POLICY

Policy 10. Investment of Bond Proceeds: All general obligation bond proceeds shall be invested as part of the Town's Bond Proceeds Money Market Account, in accordance with the Town's investment policies.

Policy 11. Competitive Sale: In general, Town Bonds will be issued through a competitive bidding process. The Town shall retain the services of a financial advisor selected by the Town Board to administer the competitive bidding process.

Policy 12. Bond Counsel: The Town will retain external bond counsel for all debt issues. All debt issued by the Town will include a written opinion by bond counsel affirming that the Town is authorized to issue the debt, stating that the Town has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status. Bond counsel will be selected by the Town Board and shall coordinate efforts with the Town Comptroller for the preparation of bond authorizations.

Policy 13. Financial Advisor: The Town will retain an external financial advisor, to be selected by the Town Board. The utilization of the financial advisor for particular bond sale will be at the discretion of the Town Board on a case-by-case basis and pursuant to the financial advisory services contract. The selection process for financial advisors will require comprehensive municipal debt experience, experience with diverse financial structuring requirements and pricing of municipal securities.

Policy 14. Property Tax Supported Debt Service Thresholds: In order to maintain appropriate budgetary controls and to prevent imposing excessive burdens on taxpayers of the Town, it is the intention of the Town Board in any given year, to limit debt service expenditures supported by local real property taxes to no more than 15% of aggregate budgetary appropriations from the following funds, General Fund, Police Fund, Highway Fund, Part Town Fund and Emergency Dispatching (E911) Fund. The CPF Fund 31 is excluded since the Town does not tax for this revenue.

Policy 15. Annual Review and Adoption: The Town Board shall annually review this policy and consider recommendations from a variety of sources, including but not limited to the Comptroller. The Policy shall be adopted, with amendments if desired, on or before June 1 of each year.

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FUND BALANCE POLICY

Amend 2011 Preliminary Budget-Fund Balance Policy

RESOLVED, that the Town Board hereby supersedes the Fund Balance Policy adopted by Town Board Resolution 2009-1179 on November 20, 2009; and be it further

RESOLVED, that the Town Board of the Town of Southampton hereby approves the following revisions to the 2011 Preliminary Budget:

1. By substituting in the "Financial Policies" section of the 2011 Preliminary Budget the following updated Fund Balance Policy.

BE IT ENACTED as follows:

FUND BALANCE POLICY

Adopted by Town Board Resolution No. 2010-1146 on 11/19/2010

Year-end surpluses and fund balances are monies that can provide a cushion or buffer that may be needed from time to time to operate without interruption or reduction in services or staffing levels. These fund balances provide a degree of stability and the resources to weather fluctuations in revenues and expenditures without severely impacting property tax rates. Fund balances and adequate reserves should be managed and reviewed on a regular basis.

In recognition of sound fiscal policy and in order to stabilize and preserve the current credit ratings of the Town, the Town Board affirms its commitment to make all reasonable efforts to maintain a fund balance in its General Fund at the end of each fiscal year equal to 15% of the total General Fund operating budget. Such fund balance will be inclusive of any reserve funds maintained by the Town for tax stabilization purposes pursuant to Chapter 8 of the Southampton Town Code.

For special districts and the part-town operating funds which are subject to the provisions of Chapter 8 (Budget) of the Town Code with respect to calculating the town tax rate, the Town Board concurs that a lower percentage threshold of 7% is adequate with regard to the Police Fund, Highway Fund, E-911 Fund, and Part-Town Fund (Zoning). By this policy update, the Town Board affirms its

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FUND BALANCE POLICY

commitment to make all reasonable efforts to maintain fund balances for the special districts and part town operating funds at the end of each fiscal year equal to or greater than 7% of the total operating budget.

ANNUAL REVIEW AND ADOPTION

The Fund Balance Policy shall be reviewed annually by the Comptroller and the Town Management Services Administrator, and, if recommendations are advisable, the Town Board shall consider amendments. The Policy shall be adopted, with amendments if desired, on or before June 1st of each year.

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Southampton Town Board

116 Hampton Road
Southampton, NY 11968
Prepared By: Tiffany Scarlato

ADOPTED

Sponsors: Councilman Chris Nuzzi

RESOLUTION 2011-1037

Meeting: 10/25/11 06:00 PM
Department: Town Attorney
Category: Budget & Finance

Initiator: Tiffany Scarlato

DOC ID: 13782

Continue Hiring Freeze for 2012

WHEREAS, the Town Board of the Town of Southampton converted the 2012 Tentative Budget into the 2012 Preliminary Budget; and

WHEREAS, pursuant to Town Law §109, the Town Board may change, alter and revise the 2012 Preliminary Budget; now therefore be it

RESOLVED, that the Town Board of the Town of Southampton hereby approves the following revisions to the 2012 Preliminary Budget:

1. By adding to the "Financial Policies" at the end thereof a section entitled "Hiring Policy," the text of the same to read as follows:

HIRING POLICY

Southampton Town hereby adopts the following Hiring Policy for 2012:

POLICY 1. - Effective immediately, and through December 31, 2012, there shall be a hiring freeze in the Town of Southampton. No vacant position shall be filled, with the exception of those positions that the Town is contractually or legally obligated to fill, or vacancies on any Town board, appointed board, Town committee or sub-committee.

POLICY 2. - Effective immediately, and through December 31, 2012, any position vacated by an individual who leaves Town Service for any reason shall not be replaced, with the exception of those positions that the Town is contractually or legally obligated to fill or vacancies on any Town board, appointed board, Town committee or sub-committee. The duties of the party leaving town service shall be distributed to other town employees so as to avoid incurring overtime expenses and in accordance with the Town's contractual obligations.

The following shall be exempted from the above policy directive:

1. Any holdover or vacant positions for the appointed boards, as provided for in the 2012 budget; and

NOTES:

- 2. Any part time or seasonal positions, as provided for in the 2012 budget; and
- 3. Any public safety related position; and
- 4. Any position indicated as vacant and funded in the 2012 Adopted Budget.

Any exemption from the above policy shall require a resolution to expressly state that a hiring shall be exempt from the hiring freeze. The reasons for the exemption shall be set forth in that resolution for any position not categorized above, should the Town Board find it necessary to consider the hiring of critical replacement staff unrelated to public safety or financial management.

Financial Impact

None

RESULT:	ADOPTED [4 TO 1]
MOVER:	Chris Nuzzi, Councilman
SECONDER:	James Malone, Councilman
AYES:	Anna Throne-Holst, James Malone, Nancy Graboski, Chris Nuzzi
NAYS:	Bridget Fleming

NOTES:

INVESTMENT POLICY

Adopted by Town Board Resolution No. 2009-201 on 02/24/09

BASIC OBJECTIVES

1. Insure secure custody of Town funds.
2. Schedule investments to meet the Town's cash requirements needed for operation of Government.
3. Timely deposit of funds.
4. Investment of surplus funds to insure maximum return as allowed by law.
5. Reduce and/or eliminate need to issue debt.

RESPONSIBILITY - CASH MANAGEMENT

The Town Supervisor (Chief Fiscal Officer) delegates to the Town Comptroller responsibility for controlling cash from the point of receipt until disbursed. This includes the proper coding of incoming funds, the disbursing of such funds to meet labor, contractual and debt obligations, and the investment of surplus funds in excess of current obligations.

CASH REQUIREMENTS

The Comptroller prepares cash requirements schedule (funding) based on the anticipated needs by fund for payroll, contractual expenditures and debt service. This projection is prepared on a semi-monthly basis.

INVESTMENT - TYPE OF ACCOUNTS

The Comptroller shall invest surplus funds in any one or more of the following:

1. Certificates of Deposit
2. N.O.W. accounts
3. Money Market Deposit Accounts

TERM OF INVESTMENTS

The term of any investment is determined by the cash requirements schedule for each particular fund so that such cash needs can be met without liquidation of any investment prior to its maturity. Town investments shall range from 1 day to 12 months.

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INVESTMENT POLICY

SELECTION OF INSTITUTIONS

Deposits and investments of surplus and any other funds shall be made only with those commercial banks that are authorized by the Town Board.

BOND PROCEEDS

Proceeds from the issuance of Town Serial Bonds shall be deposited in a segregated, interest-bearing account for the purposes of monitoring compliance with IRS Arbitrage Regulations.

COLLATERAL

All Town funds held in banks are to be secured by one or more of the following:

1. Insurance of the Federal Deposit Insurance Corporation.
2. Obligations of NYS.
3. Obligations of Federal agencies with principal and interest guaranteed by the United States.
4. Obligations of NYS local governments.

All collateral pledged for the Town is to be held in third party custodial accounts at authorized banks and in the Town of Southampton's name as required by GASB 3. Each month the bank shall supply the Town with written confirmation of the collateral pledged. The value of any such collateral shall not be less than 102% of the obligations it secures. A monthly collateral report is to be prepared by the Comptroller's Office, which shall monitor these requirements.

ANNUAL REVIEW AND ADOPTION

The Investment Policy shall be renewed annually by the Town Comptroller, and if recommendations are advisable, the Town Board shall consider amendments. The Policy shall be adopted, with amendments if desired, on or before June 1st of each year.

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PROCUREMENT POLICIES AND PROCEDURES

Adopted by Town Board Resolution 2009-1002 on 09/22/09

General Municipal Law Section 103 provides that municipalities are required to obtain competitive bids for the procurement of certain goods and services. Furthermore, General Municipal Law Section 104-b provides that municipalities shall adopt internal policies and procedures to govern the procurement of all goods and services which are not required to be made pursuant to the competitive bidding requirements of General Municipal Law Section 103.

This policy statement is intended to implement these provisions of the General Municipal Law. The Town's policies and procedures prescribe a method for determining whether a procurement of goods and/or services is subject to competitive bidding. The intent of such procedures is to assure maximum quality at the lowest possible cost, while guarding against favoritism, fraud and corruption. No anticipated contract or purchase shall be subdivided or structured with the intention of avoiding these Procurement Policies and Procedures requirements.

Within the framework of these procedures and to the extent permissible by law, the Town encourages all Departments to make an effort to utilize local vendors, contractors, and professionals, and to encourage bidding from minority and women-owned businesses, so that the Town's tax dollars return to the area and contribute to the overall strength of our community. The Town also encourages Departments seeking to purchase goods to identify and specify "green" products where available, to minimize the impact of our operations on the environment.

This policy shall be reviewed annually by the Town Board and be adopted as early as is practicable.

Quick Reference Guide

Introduction

- Section A: Purchase of Goods**
- Section B: Purchase of Non-Professional Services**
- Section C: Purchase of Professional Services**
- Section D: Other Types of Purchases/Miscellaneous Provisions**
- Section E: Award of Contracts**
- Section F: Payments**
- Section G: Change Orders to Awarded Contracts**
- Section H: Additional Requirements for Purchase of Public Works Services and Building Services**
- Section I: Engineering Oversight Requirement of All Public Works Projects**

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Introduction

The following procedures describe the required methods for purchasing goods and services. Whether or not a purchase must be publicly bid, and how the procurement is accomplished, is dependent upon the following factors:

1- The nature of what you are buying:

Goods

Goods are commodities-items, materials, equipment, etc.

Services

Services are particular skills or labor to accomplish a specific goal. Samples of services would be, e.g., hiring a plumber to address a plumbing problem; hiring a landscaper to cut grass; hiring a sign maker to make signs, etc.

Professional Services

Professional services are particular skills or labor that requires specialized expertise, technical or special skills or training, the exercise of professional judgment, or a high degree of creativity, in the performance of the contract. Samples of professional services would be, e.g., hiring an architect to create building plans; hiring an engineer to design a system; hiring a surveyor to create a survey; hiring a computer expert to design a software system, etc.

Public Works Services

Generally, services involving construction, reconstruction, or maintenance done on behalf of a public agency in a public facility and for the public's benefit are considered to be public works, and are subject to further requirements regarding procurement and payment of wages set forth in Article 8, sections 220 et seq. of the NYS Labor Law.

Building Services

Generally, services undertaken in support of the operation of a public building through the use of building service employees are considered to be building services, and are subject to further requirements regarding procurement and payment of wages set forth in Article 9, sections 230 et seq. of the NYS Labor Law.

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PROCUREMENT POLICIES AND PROCEDURES

2-The estimated cost of what you are buying:

Goods valued in excess of \$10,000:

GML 103 requires that procurement of goods that exceed \$10,000 in value, whether purchased all at one time or in smaller increments over the course of one year, must be competitively bid.

Goods valued at less than \$10,000:

The procurement method utilized to purchase goods valued at less than \$10,000, whether purchased all at once or in smaller increments, is governed by this Policy.

See Section A below regarding purchases of goods.

Services valued in excess of \$20,000:

GML 103 requires that procurement of services that exceed \$20,000 in value, whether purchased all at one time or in smaller increments over the course of one year, must be competitively bid.

Services valued at less than \$20,000:

The procurement method utilized to purchase services valued at less than \$20,000, whether purchased all at once or in smaller increments, is governed by this Policy.

See Section B below regarding purchases of services.

Professional Services:

The procurement method utilized to purchase professional services in support of a single project is governed by this Policy and by the guidance of GML 104-b.

See Section C below regarding procurement of professional services.

Public Works Services and/or Building Services:

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PROCUREMENT POLICIES AND PROCEDURES

If the services to be purchased are determined to be public works services or building services, certain additional procurement thresholds and other requirements apply.

See Section H below regarding special rules applying to public works procurement.

Section A: Purchase of Goods

The following table summarizes the methods and required documentation to purchase goods:

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PROCUREMENT POLICIES AND PROCEDURES

Dollar Value	Method of Purchase	Required Documentation	Special Notes
Less than \$500	Town issued P-Card; OR For Vendors who not accept credit cards, Purchase Order.	Must secure paid invoice for attachment to P-Card statement. Must secure a detailed invoice for submission for payment.	Please note: \$500 is the new maximum purchase amount for purchases made on a P-Card. Requests for exceptions to this maximum must be approved by the Comptroller & Supervisor. Note that vouchers will no longer be used for these purchases.
\$500, up to \$1,000	Purchase Order.	Must secure a detailed invoice for submission for payment.	Note that vouchers will no longer be used for these purchases. Vouchers may be used only on an <u>EXCEPTION</u> basis, as determined by the Comptroller.
\$1,000, up to and including \$2,500	Purchase Order. Purchase order must be created PRIOR to making purchase.	Must secure written price quote from vendor providing goods. Must secure a detailed invoice for submission for payment.	None.
Greater than \$2,500, up to and including \$10,000	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Price Quotation Form with TWO written price quotes attached.	Written price quotes must be based secured from prospective vendors on SAME set of specifications provided by Town, and must be from vendor (fax or internet pricing pages acceptable). Written price quotes must be clearly legible.
Greater than \$10,000	Competitive Bid (through Office of Contract Admin.) Contract must be awarded and approved Town Purchase Order must be in place prior to completing purchase.	Correctly completed bid forms, submitted to the Town Clerk according to bid requirements and schedule, with non-collusion forms signed.	Department is responsible for providing specifications for items to be purchased for items to be purchased to Office of Contracts Administration.

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PROCUREMENT POLICIES AND PROCEDURES

Exceptions

Following are a list of items that may be procured and paid for without adhering to the above-referenced procedures:

Expenditures for certain bills, including but not limited to:

- insurance
- equipment leases
- legal services
- performance bond requirements
- snow contractors
- legal settlements
- Cultural Arts & Recreation (CAR) grants
- tax bills
- permit refunds
- travel reimbursements
- gas
- utility payments (e.g., electric, gas, telephones, water)

In addition, goods procured under a valid County or State contract that the Town is permitted to use are exempted from the above-referenced procedures; however, when a purchase made on a valid County or State contract would exceed the mandatory bidding threshold for goods (i.e., \$10,000), a resolution authorizing the purchase must be submitted and approved by the Town Board.

Section B: Purchase of Non-Professional Services

The following table summarizes the methods and required documentation to purchase **non-professional** services:

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Dollar Value	Method of Purchase	Required Documentation	Special Notes
Less than \$500	Town issued P-Card; OR For Vendors who not accept credit cards, Purchase Order.	Must secure paid invoice for attachment to P-Card statement. Must secure a detailed invoice for submission for payment.	Please note: \$500 is the new maximum purchase amount for purchases made on a P-Card. Requests for exceptions to this maximum must be approved by the Comptroller & Supervisor. Note that vouchers will no longer be used for these purchases.
\$500, up to \$1,000	Purchase Order.	Must secure a detailed invoice for submission for payment.	Note that vouchers will no longer be used for these purchases. Vouchers may be used only on an <u>EXCEPTION</u> basis, as determined by the Comptroller.
\$1,000, up to and including \$2,500	Purchase Order. Purchase order must be created PRIOR to making purchase.	Must secure written price quote from vendor providing goods. Must secure a detailed invoice for submission for payment.	None.
Greater than \$2,500, up to and including \$10,000	Purchase Order. Purchase Order must be created PRIOR to making purchase.	Price Quotation Form with TWO written price quotes attached.	Written price quotes must be based secured from prospective vendors on SAME set of specifications provided by Town, and must be from vendor (fax or internet pricing pages acceptable). Written price quotes must be clearly legible.
Greater than \$10,000	Competitive Bid (through Office of Contract Admin.) Contract must be awarded and approved Town Purchase Order must be in place prior to completing purchase.	Correctly completed bid forms, submitted to the Town Clerk according to bid requirements and schedule, with non-collusion forms signed.	Department is responsible for providing specifications for items to be purchased for items to be purchased to Office of Contracts Administration.
Greater than \$20,000	Competitive Bid (through Office of Contracts Admin.) Contract must be awarded and approved town Purchase Order must be in place prior to completing purchase.	Correctly completed bid forms, submitted to the Town clerk according to bid requirements and schedule, with non-collusion forms signed.	Department is responsible for providing specifications for items to be purchased to Office of Contracts Administration.

NOTES:

PROCUREMENT POLICIES AND PROCEDURES

Exceptions

Non-public works, non-professional services procured under a valid County or State contract that the Town is permitted to use are exempted from the above-referenced procedures; however, when a purchase made on a valid County or State contract would exceed the mandatory bidding threshold for services (i.e., \$20,000), a resolution authorizing the purchase must be submitted and approved by the Town Board.

Additional Requirements for Procurement of Non-Professional Services

Public Works Services

If the services to be purchased are determined to be public works services (i.e., services related to the construction, reconstruction, or maintenance of a public building), certain additional procurement thresholds and other requirements apply.

NOTE THAT THAT NO MINIMUM DOLLAR THRESHOLD IS APPLIED WHEN DETERMINING IF SERVICES ARE CONSIDERED "PUBLIC WORKS" SERVICES.

Building Services

If the services to be purchased are determined to be building services (i.e., services related to the operation of a public building), AND the cost of the services is expected to exceed \$1,500.00, certain additional requirements apply.

See Section H below regarding special rules applying to public works procurement.

Section C: Purchase of Professional Services

Professional services for a single project in an amount less than \$5,000.00:

Professional services for a single project in an amount less than \$5,000.00 for the year may be secured without the use of comparative pricing, and do not require a Town Board Resolution. The Department must, however, adhere to the following requirements:

- a. The Department must establish a documented Scope of Work for the project that is accepted and agreed to by the professional service provider;

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- b. The Department must ensure the professional provider is aware payments may not exceed \$5,000 in total without further authorization; and
- c. The Department must advise the professional service provide to STOP WORK and notify the Department in writing if the provider believes s/he is being asked to provide services beyond the agreed-upon scope of work, or if the provider believes that by performing the requested work, his/her billing will exceed \$5,000.

Professional services for a single project in an amount greater than \$5,000.00 but less than \$20,000.00:

Professional services for a single project in an amount greater than \$5,000.00 but less than \$20,000.00 for the year may be secured without the use of comparative pricing, but require a Town Board Resolution and a written agreement prepared by the Office of Contracts Administration (OCA), which must include elements a, b, and c above.

Professional services for a single project in an amount greater than \$20,000.00 but less than \$50,000.00:

Professional services for a single project in an amount greater than \$20,000.00 but less than \$50,000.00 for the year must be secured through **comparative pricing**, and require a Town Board Resolution and a written agreement prepared by OCA, which must include elements a, b, and c above.

Departments must establish a Scope of Work and transmit it to three qualified professionals for comparative pricing, and must receive back three written prices, only one of which may be a declination to bid. The Department is not required to select the lowest bidder, but must provide OCA a memo setting forth its reason for selecting a non-lowest bidder. A Department head wishing to award a professional service contract in an amount greater than \$20,000.00 but less than \$50,000.00 WITHOUT seeking comparative pricing must provide OCA a memo setting forth the reasons it believes the Town's best interests will be served by awarding a contract to a certain professional service provider without seeking comparative pricing. OCA will make the determination regarding whether it believes the Department head has provided a sufficient justification for foregoing comparative pricing. If OCA determines the Department has NOT provided sufficient justification for foregoing comparative pricing, it will provide its determination to the Department, which may appeal OCA's determination to the Town Board.

Professional services for a single project in an amount greater than \$50,000.00:

Professional services for a single project in an amount greater than \$50,000.00 for the year must be secured through a **formal Request for Proposals process**. The award of such a contract requires a Town Board Resolution and a written agreement prepared by OCA, which must include elements a, b, and c above.

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A formal Request for Proposal (RFP) process is similar to a competitive bid; therefore, it is critical that the Department contact OCA with sufficient time to prepare the RFP package. The Department must draft and provide to OCA the following:

- a description of the project;
- a Scope of Work; and
- any specific requirements of the project (e.g., schedule, pre-qualification requirements, etc.).

OCA will prepare the RFP package and the Notice to Proposers.

Because RFPs are not required by law to follow the same procedures as formal bids, a Town Board resolution authorizing the issuance of the Notice to Proposers is not required. However, the Town has determined that it is in its best interest to have the Town Clerk manage the formal RFP process for Departments in the same way it manages competitive bids.

Therefore, the Notice to Proposers must be submitted to the Town Clerk's office, which will arrange for the placement of a newspaper advertisement according to the scheduled agreed upon with the Department preparing the RFP.

Copies of the prepared RFP must be provided to the Town Clerk by the deadline for the placement of the advertisement, or the Town Clerk may not place the advertisement.

The Town Clerk will distribute the RFP packages and receive proposers' submissions according to the same rules that govern distribution of bid packages and receipt of bids, i.e., no RFP packages will be given out in advance of the published date the RFP is to become available to the public, and no submissions will be accepted past the deadline for submissions.

There is no public reading of RFP results. The Clerk will contact the Department once the deadline for receipt of RFP responses has passed so that the Department can receive and review the submissions.

The Department is not required to select the lowest bidder, but must provide OCA a memo setting forth its reason for selecting a non-lowest bidder. A Department head wishing to award a professional service contract in an amount greater than \$50,000.00 WITHOUT going through a formal RFP process must get approval from the Town Board to forego the formal process, by submitting for approval a Town Board resolution setting forth the reasons it believes the Town's best interests will be served by awarding a contract to a certain professional service provider without undertaking a formal RFP.

Departments must be aware that other governmental entities that provide funding for Town projects through grants or programs (e.g., the County, State, or Federal governments) may decline to provide funding for a professional service contract awarded without some form of comparative pricing.

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Section D: Other Types of Purchases/Miscellaneous Provisions

Combined Goods and Services Purchases

When a prospective purchase involves BOTH goods and services, the department should apply the rules applicable to the **dominant element** of the purchase. So, if the more significant element of the combined purchase is the labor (service) element, the rules for procuring services should be followed. If the more significant element of the combined purchase is the goods element, the rules for procuring goods should be followed.

Cumulative Purchases

The Comptroller may develop an estimate of the cumulative amount of a particular good that is likely to be needed by all Town Departments during a given fiscal year based on past history. Procurement of goods or services for which the cumulative order by all Town Departments is anticipated to meet or exceed competitive bidding thresholds and which are so identified by the Comptroller shall be subject to competitive bidding requirements.

Vehicle Purchases

The Office of General Services maintains an inventory of the fleet of Town vehicles and by Local Law is responsible for insurance matters. Moreover, the Town Management Services Administrator is charged, by Town Board Resolution 2005-590, with "review(ing) vehicle specifications prior to any new Town vehicle purchases to determine whether a potential comparable alternative fuel vehicle exists" that can serve the Department's needs.

For both reasons, Department Heads are required to coordinate all purchases of new Town vehicles with the Office of General Services, to both facilitate the review of alternative fuel vehicles and to ensure compliance by Department employees with the Town's insurance policies, registration requirements, and other rules governing use of the Town vehicles.

Sole Source Purchase

A sole source purchase is one in which **only one vendor or contractor** can supply the commodity, technology and/or perform the services required, and that there is no substantial equivalent. Procurement by this method must be documented to the Office of Contracts Administration by an explanation of: (i) the unique nature of the requirement; (ii) the basis upon which it was determined that there is only one known vendor able to meet the need (i.e. the steps taken to identify potential competitors); and (iii) the basis upon which the cost was determined to be reasonable (i.e. a fair market price was inferred based upon the sole source provider's product catalogs, published price lists and the like).

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Emergency Purchases

Except when directed by the Town Board, no solicitation of written proposals or quotations shall be required in emergencies.

For purposes of this section, **an emergency arises out of an accident or unforeseen condition or occurrence that threatens curtailment or terminates an essential service to the public, or a dangerous condition develops, affecting the life, health, safety or property of the Town or its inhabitants. The situation MUST require immediate attention, which cannot await competitive bidding.**

In cases of emergency, the Department head may purchase, directly, the necessary supplies or services. A written record of the circumstances shall be prepared and submitted to the Office of Contracts Administration. Further, the Department Head shall endeavor to abide as closely as possible to procurement standards and attempt, as best possible in the circumstances, to mitigate any emergency situation.

Leases/Equipment Leases

Lease agreements for equipment, facilities, etc. that exceed 12 months in term and/or \$2,500.00 require approval by Town Board Resolution and the Supervisor's signature on the lease document.

"True lease" agreements are neither purchases nor contracts for public work and, thus, are not subject to bidding under General Municipal Law Section 103. The bidding requirements of 103 cannot be avoided or circumvented by simply drafting an agreement that is truly a purchase contract or a contract for public work in terms of a lease. The total character and substance of each agreement must be viewed and examined on its own merits, without regard to how the agreement is denominated by the parties, to determine whether it constitutes a true lease.

Similarly, equipment may not be acquired without competitive bidding under an agreement which is called a "lease" but which, in fact, is an installment purchase contract. Although no one factor is necessarily determinative, numerous factors will be considered when evaluating whether an agreement is indicative of an installment purchase rather than a true lease. Such factors include, but are not limited to; the amount of money exchanged, the intent of the parties and terms of the agreement, and the life, ownership and responsibility for maintenance of the item.

Travel/Education Purchases

With regard to expenditures for seminars, training schools and related travel, the following rules shall apply:

- Town Board approval shall not be required for Town Police Department assignments that do not exceed the

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amount budgeted for training and travel.

- Except as provided above, Town Board approval shall be required for combined seminar and travel expenditures exceeding \$1,000.00 per attendee per event **and** requiring an over-night stay.

Legal Services

Legal services are provided by the Town Attorney. Requests for legal services must be initiated by a Department Head and must be addressed to the Town Attorney.

In the event that the Town Board and the Town Attorney determine that the assistance of special counsel, associated expert witnesses and/or litigation consultants are required, the Town Attorney shall submit to the Town Board for approval a resolution authorizing the retention of outside legal and/or related services. Legal services are included under the category of professional services; however, the Town Attorney shall be exempted from the requirements of Section C of this Policy, unless the Town Board determines it is in the best interest of the Town to require the Town Attorney to follow the procedures set forth in Section C with respect to any or all retention of outside counsel.

Department Heads involved in matters being handled by outside counsel shall be required to work with and through the office of the Town Attorney on all matters related thereto, including billings, which should be directed to the attention of the Town Attorney if received directly by the Department. The Town Attorney will be responsible for the review and approval of all requests by outside counsel for payment, and may request the participation of the Department Head in the review process.

Preparation of Bid/Contract Documents-Use of Contractor Forms

For procurements of goods and/or services below required bidding thresholds, the Department is responsible to:

- establish specifications
- secure and document required competitive pricing

For procurements of good and/or services above required bidding thresholds, or for procurement of professional services above the dollar thresholds set forth above in Section C, the Office of Contracts Administration typically prepares bid or RFP documents and the resulting contract documents. In some instances, however, these documents may come from other sources, e.g.:

- a Department may use a consultant to prepare its bid or RFP documents;

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- a vendor may require the use of its own forms in contract with the Town (this typically occurs when procuring technical items or services, such as software or computer support services);
- an equipment vendor may require the use of its own lease forms to establish equipment leases.

All such forms are subject to review and acceptance by OCA, which must ascertain that the vendor's forms do not include provisions that are unacceptable to the Town.

Section E: Award of Contracts

In all contracts except those involving professional services, the lowest responsible bidder shall be awarded the contract unless the purchaser prepares a written justification providing reasons why it is in the best interest of the Town to make an award to a vendor or contractor other than the vendor or contractor that submitted the lowest price for the goods and/or services to be purchased. Such justification shall be submitted to the Office of Contracts Administration and reviewed by the Town Attorney or his designee to determine if the justification is sufficient, and must be retained with the Department records relating to the contract.

If a vendor or contractor is not deemed responsible, facts supporting the judgment shall also be documented on the Price Quotation Form.

In determining the lowest responsible bidder, the employee making the assessment shall consider:

- A. The ability, capacity and skill of the bidder to adequately perform the contract or provide the service required.
- B. Whether the bidder can perform the contract or provide the service promptly or within the time specified without delay or interference.
- C. The character, integrity, reputation, judgment, experience and efficiency of the bidder.
- D. The quality of performance of previous contracts or services.
- E. The previous and existing compliance by the bidder with laws and ordinances relating to the contract or service.
- F. Whether there are any identifiable financial concerns relating to the bidder.

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Section F: Payments

The Comptroller's Office must be provided with complete, clear, and legible documentation, as specified above, in order to process payments. Following are a list of items and/or documentation that must be made available by the Department to the Comptroller and/or OCA before payments can be processed:

- Prior to disbursement of any payment under an approved contract, OCA must possess a copy of the fully executed contract as well as documentation of insurance and contract security/performance bond, where required.
- Prior to disbursement of any payment for an invoice, the Comptroller's Office must possess an original invoice, which must include the invoice number, description and date of service provided or delivery of items, and amount payable.
- If a Price Quotation Form or Town Board Resolution is required for a purchase, it must be forwarded to the Comptroller's Office prior to Purchase Order approval.
- Documentation for purchases made under County or State contracts must include the contract number, contract term and the Town Board Resolution number (where applicable) on the purchase requisition.
- For Article 8 Public Works projects, certified payrolls must be received from the contractor with each invoice submitted before payment can be processed.

Section G: Change Orders to Awarded Contracts

Departments overseeing major projects should present to the Town Board for adoption an overall project budget, broadly outlining the items of work to be undertaken in the project and the approximate cost of each item of work.

All purchases of goods and services, including professional services, should be awarded pursuant to a specific and detailed Scope of Work (SOW) or set of specifications. The purpose of the SOW/specifications is to clearly establish between the Town and the Contractor the goods to be provided or work to be performed under the contract, and the payment or rate of payment to be provided as remuneration for the goods/services.

If for reasons unforeseen when the SOW/specifications were created it becomes necessary for an addition to be made to the SOW/specifications-e.g., unseen conditions at a project site necessitate additional work, a permitting entity requires additional

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tasks to be completed before a permit can be issued, the Town needs to add additional services to a project's scope, additional goods are needed, etc. -such that the total value of the contract is increased, the result is known as a change order to the contract.

Under certain specific circumstances, a formal change order must be established before the additional goods or services can be procured. The purpose of this requirement is to ensure:

- the additional goods or services required are outside of the agreed-upon SOW/specifications, and thus, the provider of the goods and/or services is entitled to additional remuneration;
- the additional goods or services are either the same or of a similar enough nature to the subject of the original contract such that additional goods or services should not become the subject of a new bid; and
- there is sufficient funding in the project's budget to cover the cost of the additional remuneration.

Competing interests need to be balanced when managing change orders. The Town Board wants oversight opportunity when a project's costs are increasing; however, the Project Manager often needs to make rapid determinations in the field when new or additional work appears to be required, since delay could impact the availability of the contractor to do the extra work, and could negatively affect overall project scheduling if work must be stopped while Town Board approvals are sought.

Therefore, the following guidelines have been established to guide project managers as to the level of review and approval required when a change order is necessary:

Dollar Amount of Proposed Change Order	Approval Required
Change orders of ANY Amount, where additional funding must be authorized by the Town Board	Town board approval via resolution
Change orders less than \$50,000, where NO additional funding is required	Department head approval
Change orders of \$50,000 to \$100,000, regardless of need for additional funding	Department Head/town Board Liaison approval
Change orders greater than \$100,000	Town Board approval via resolution

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The following is required to establish a formal change order when Town Board authorization is required:

1. A written change order proposal, including a detailed description of the additional goods and/or services required and the cost to provide same, is provided by the vendor/contractor/professional service provider;
2. The Department head must complete and sign the Public Contract Change Order Approval Form and attach the detailed proposal from the vendor/contractor/ professional service provider;
3. The Public Contract Change Order Approval Form, with attachments, must be submitted to OCA for review against the original contract document, and must be approved by OCA; and
4. Once approved by OCA, the Public Contract Change Order Approval Form, with attachments, must be submitted to the Comptroller's office for review to determine if sufficient funding is in place to cover the cost of the change order.

After the Comptroller signs off on the Public Contract Change Order Approval Form, the Department will be instructed to create a Town Board resolution to present the proposed change order to the Town Board.

Where Town Board authorization is required, the change order work can commence ONLY after the above-listed steps are completed.

Where Town Board authorization is NOT required, the Project Manager must still secure a written change order proposal from the vendor/contractor/ professional service provider. This document should be provided to the Office of Contracts Administration, so it can be scanned into the Bidtraq contract file and the hard copy can be filed with the Town Clerk. The Project Manager must also keep a copy for his/her project files.

Section H: Additional Requirements for Purchase of Public Works Services and Building Services

The Town is required, when contracting for public works projects or for certain building service contracts, to ensure that contractors base their bids and pay all employees working on such projects the prevailing wages established by the New York State Labor Department for such work. Article 8, Section 220 et seq. addresses the requirements with respect to public work projects, and Article 9, Section 230 et seq. addresses the requirements with respect to building service contracts.

These statutes set forth compliance requirements for both Departments of Jurisdiction (i.e., the contracting agency) and

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employers employing workers on either a public works project or through a building service contract. Recent additions to the law have also created obligations for third parties with whom the Town contracts to perform a public works project on the Town's behalf. In essence, if the contracting agency would itself be required to pay prevailing wages, the third party would also be required to pay prevailing wages when performing work on the contracting agency's behalf.

Recent changes to the Labor Law have also increased the responsibility of the contracting agency to ensure contractors are providing required documentation of payment of prevailing wages, to review the documentation (i.e., certified payrolls) for facial validity, to provide a Town contact person for all public works projects (name to be posted at the work site), and to alert the Labor Department in the event of suspicion of any contractor's lack of compliance. **There are criminal penalties associated with a contracting agency's failure to comply with these new requirements!**

Unfortunately, the law in this area does not provide clear, concise guidance on when a project qualifies as a public works project, such that the provisions of Article 8 of the Labor Law apply, or when a service contract should be treated as a building service contract, such that the provisions of Article 9 of the Labor Law apply.

Therefore, it is critically important, before a Department embarks on a public works project or enters into a building services contract, to consult with the Department of General Services and/or the Office of Contracts Administration for guidance on whether the laws apply, and for assistance in ensuring all necessary documentation and required provisions appear in the bidding documents for such projects or contracts.

Since public works projects are often managed with the assistance of outside engineering or construction management firms, these professionals should also be consulted in the event of any uncertainty regarding the applicability of the Labor Law. In addition, professional service contracts with such firms to oversee public works projects should include a requirement that the firm monitor contractor compliance with Labor Law requirements, including but not limited to the receipt of certified payrolls and review of payrolls for facial validity. This requirement will ensure another level of scrutiny, *but does not excuse the Town from its own obligations in these matters.*

Summary publications of the Labor Department that provide guidance on the applicability of the provisions of Article 8 and Article 9 of the Labor Law are available for review at the General Services department, or on line at <http://www.labor.state.ny.us/workerprotection/publicwork/PWContents.shtm>. Departments that engage in public works or contract for building services should carefully review them and retain them for future reference.

Section I: Engineering Oversight Requirement of All Public Works Projects

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Department heads and staff who undertake or oversee public works projects must be aware, and take the necessary steps to ensure compliance with, the requirement of Article 145, § 7209 (s) of New York State Education Law:

No county, city, town or village or other political subdivision of this state shall engage in the construction or maintenance of any public work involving engineering or land surveying for which plans, specifications and estimates have not been made by, and the construction and maintenance supervised by, a professional engineer or land surveyor; provided that this section shall not apply to the construction, improvement or maintenance of county roads or town highways, nor to any other public works wherein the contemplated expenditure for the completed project does not exceed five thousand dollars. This section shall not be construed as affecting or preventing any county, city, town or village or other political subdivision of this state from engaging an architect licensed in this state for the preparation of plans, specifications and estimates for and the supervision of construction or maintenance of public works.

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